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21 May 1982

KOREAN AFFAIRS REPORT

No. 212

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INTER-KOREAN AFFAIRS

HANMINTONG ADOPTS '82 ACTION POLICY

SK291110 Pyongyang KCNA in English 1020 GMT 29 Apr 82

[Text] Pyongyang, April 29 (KCNA)--The tenth Central Committee meeting of the Japan headquarters of the "National Congress for the Restoration of Democracy in South Korea and the Promotion of Unification" ("Hanmintong") was recently held in Shizuoka Prefecture, according to the April 1 issue of "Minjok Sibon," a newspaper of Koreans under the influence of the "ROK Residents Association in Japan" ("Mindan") published in Japan.

The meeting summed up the general work conducted since the end of February last year and adopted an action policy for 1982.

The action policy says:

1. It is a pressing task facing us at present to overthrow the Chon Tu-hwan fascist dictatorial "regime", establish a democratic coalition government and realize democracy.

We should concentrate all forces on overthrowing the Chon Tu-hwan military fascist dictatorial "regime."

To have Kim Tae-chung and all other detained personages released is an important task of the movement for democracy.

We will do our best to develop the joint struggle with all democratic forces at home and abroad and form an anti-dictatorial, united democratic front based on it.

2. It is a task prerequisite to the victory of the struggle for democracy to stop the aid of the United States and Japan to the Chon Tu-hwan fascist dictatorial "regime."

We consider that the U.S. aid to the dictatorial "regime" is a hostile act against our nation and strongly demand its immediate discontinuation.

We will also further intensify the struggle against Japan's renewed invasion of South Korea.

We will struggle to check 6,000 million dollars of "aid" to the Chon Tu-hwan fascist dictatorial "regime" and the scheduled "South Korea-Japan foreign ministers talks."

3. Dark clouds of war which may break out at any moment are hovering over the Korean peninsula today.

We denounce the U.S. administration and the Chon Tu-hwan fascist dictatorship for their arms buildup and war policy and strongly hold that they should discontinue arms buildup and immediately withdraw nuclear weapons.

4. National unification is the greatest task of our nation.

Division must no longer be tolerated. Unification must be achieved on a national independent and democratic basis as early as possible.

5. We should strengthen ties with democratic organizations and democrats of broad circles in Japan to win more support to our movement.

6. We will actively struggle to defend our sacred basic rights, decidedly opposing the political suppression of "Hanmintong" and Koreans in Japan.

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INTER-KOREAN AFFAIRS

FOREIGN GROUPS DEMAND KIM TAE-CHUNG RELEASE

SK291121 Pyongyang KCNA in English 1037 GMT 29 Apr 82

[Text] Pyongyang, April 29 (KCNA)--Public organisations of various countries are strongly demanding the immediate release of Kim Tae-chung and all other democratic figures of South Korea, according to reports.

The Bulgarian Committee for Solidarity With the Peoples of Asia and Africa recently made public a statement supporting the letter dated March 31 of the Central Committee of the Democratic Front for the Reunification of the Fatherland of Korea to the governments, political parties, organisations of all countries and international organisations of the world.

Noting that Kim Tae-chung who was given an illegal sentence is still held in a prison ward where man can hardly live, with his elementary human rights mercilessly trampled underfoot, it said:

The Bulgarian Committee for Solidarity With the Peoples of Asia and Africa and the entire Bulgarian public circles resolutely support the struggle of the Korean people and efforts of the world public circles to have Kim Tae-chung released without delay and his life and human rights guaranteed.

The Bulgarian people sincerely support the struggle of the entire Korean people to force the U.S. troops to withdraw at once from South Korea and reunify the country in a peaceful and democratic way.

The Guyana Committee for Support of Koreas Reunification, the Guyana-Korea Friendship Society, the Guyana Committee for Peace and Solidarity, the Guyana Workers Union, the Guyana Socialist Youth Movement and the Guyana Union of General Workers recently issued a joint statement in Georgetown denouncing the Chon Tu-hwan gang of murderers' fascist suppression of Kim Tae-chung and other South Korean democratic figures.

It said:

The Chon Tu-hwan gang of murderers must immediately revoke the illegal penalties passed upon Kim Tae-chung and other democrats, release them without delay and ensure them freedom of all political activities.

The South Korean authorities must immediately abolish all sorts of fascist evil laws and fascist ruling system binding people hand and foot and guarantee all democratic rights including freedom of activities of political parties and public organisations and freedom of the speech.

An appeal expressing solidarity with the struggle for democracy in South Korea, which was adopted at the sixth meeting of the Japan-Korea Central Youth Solidarity Committee held recently in Tokyo strongly demanded the restoration of Kim Tae-chung to his original status, the immediate release of all political prisoners, the discontinuation of the "Team Spirit 82" war exercises and the withdrawal of all nuclear weapons from Northeast Asia.

It strongly opposed 6,000 million dollars of military "aid to South Korea," the resumption of the "Japan-South Korea regular ministerial meeting" and the visit of Japanese Prime Minister Suzuki to South Korea.

CSO: 4120/259

INTER-KOREAN AFFAIRS

CHOE TOK-SIN VISITS VARIOUS N. KOREAN PLACES

SK301555 Pyongyang KCNA in English 1509 GMT 30 Apr 82

[Text] Pyongyang, April 30 (KCNA)--Mr Choe Tok-sin, former "foreign minister" of South Korea, former commander of an army corps of the South Korean "ROK Army" (lieutenant general) and former leader of the Central Headquarters of Chondoism, visiting homeland from the United States to congratulate the great leader Comrade Kim Il-song on his 70th birthday has gone round various places of the homeland.

After inspecting the Korean Revolution Museum he said that the great President Kim Il-song has built the North into a paradise today with his rare wisdom and wise leadership, though the homeland was divided after the liberation and the internal and external situation was difficult and complicated. Our President Kim Il-song is, indeed, a great statesman and a great leader peerless in the world.

On the occasion of the 50th anniversary of the founding of the heroic Korean People's Army, Mr Choe Tok-sin went to the cemetery of revolutionary martyrs.

After going round the cemetery, he said:

It is a great honor for me to lay a bouquet in memory of Kim Chong-suk, an anti-Japanese heroine, on the significant day marking the 50th anniversary of the founding of the Korean People's Army by the great President Kim Il-song.

By consigning the revolutionary martyrs who fell in the sacred struggle for the homeland and people to this cemetery, the president let them live an eternal life.

After enjoying the scenery of Mt. Kumgang, Mr Choe Tok-sin said:

Mt. Kumgang has been splendidly built as a recreation site for the working people and has become widely known as a world-famous scenic spot, as the great president liberated the fatherland and has enforced correct policies.

He met and had a talk with Chondoists.

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INTER-KOREAN AFFAIRS

MINDAN PAPER BACKS PRIEST'S SHELTERING ARSONIST

SK300842 Pyongyang KCNA in English 0812 GMT 30 Apr 82

[Text] Pyongyang, April 30 (KCNA)--The April 21 issue of "Minjok Sibon," a newspaper of "Mindan"-lining compatriots in Japan, carried an editorial defending the action of religionists in protecting students who set fire to the "American Cultural Centre" and a participant in the Kwangju popular uprising, according to a KNS report from Tokyo.

The editorial noted that the fascist clique arrested and detained a conscientious priest for the reason that he gave shelter to patriotic students who set fire to the "American Cultural Centre" and a participant in the Kwangju popular uprising and mobilized its subsidized press media in malicious smear campaign against Roman Catholicism. This is "an intolerable suppression of religion," it remarked.

Pointing out that the anti-American sentiments expressed through the fire at the "American Cultural Centre" are deeply connected with the Kwangju incident, the editorial recalled as a ground that the Kwangju massacre by the Chon Tu-hwan military fascist clique was actively supported by the United States.

It is inevitable that the anti-U.S. struggle will expand along with the struggle against the Chon Tu-hwan military fascist clique in South Korea, the editorial said, and continued:

Many priests, religionists and people offered shelter to those involved in the Kwangju struggle. This was because they highly praised the Kwangju struggle as a patriotic one and bitterly hated those who committed the massacre and forces who backed the atrocities.

The United States must immediately stop backing the Chon Tu-hwan group of terrorists, military hooligans, and comply with the just demand of the South Korean people for freedom, democracy and unification.

CSO: 4120/259

INTER-KOREAN AFFAIRS

'KCNA' NOTES SUPPORT FOR KOREAN REUNIFICATION

SK301025 Pyongyang KCNA in English 1009 GMT 30 Apr 82

[Text] Pyongyang, April 30 (KCNA)--Full support to the Korean peoples cause of national reunification is being expressed in foreign countries, according to reports.

A mass meeting supporting the statement dated February 10 of the Committee for the Peaceful Reunification of the Fatherland was recently held in Georgetown under the sponsorship of the Guyana Committee for Support of Koreas Reunification.

A portrait of the great leader Comrade Kim Il-song and a portrait of Guyanese President Linden Forbes Sampson Burnham were set up on the platform of the meeting place.

Speeches were made at the meeting.

Speakers pointed out that the great leader of the Korean people Comrade Kim Il-song put forward most reasonable and just policies for the reunification of the country and is wisely leading the struggle for their implementation and scathingly denounced the ever more unscrupulous criminal "two Koreas" plot and new war provocation manoeuvres of the U.S. imperialists and the South Korean military fascist clique.

Noting that the proposal advanced by the Committee for the Peaceful Reunification of the Fatherland to convene the joint conference of 100 North, South and overseas Korean politicians is a most reasonable and positive step for accelerating the reunification of the country, they expressed full support to the proposal.

A statement was adopted at the meeting.

A meeting of solidarity with the Korean people striving for the peaceful reunification of the country was held recently in Oslo under the sponsorship of the Norway-Korea Friendship Association.

A portrait of the great leader Comrade Kim Il-song was placed on the platform of the meeting hall.

Speaking at the meeting, the chairman of the Norway-Korea Friendship Association stressed that the U.S. imperialists must give up the reckless play with fire and the scheme to perpetuate the division of Korea and withdraw from South Korea without delay.

He said:

The Norwegian people will as ever actively support and encourage the just and valiant struggle of the Korean people for the realization of the proposal for founding the Democratic Confederal Republic of Koryo and the ten-point policy of the unified state advanced by President Kim Il-song.

A letter to the great leader Comrade Kim Il-song was adopted at the meeting.

The Malta Labour Party, the Central Committee of the Women of the Malta Labour Party and the Socialist Youth League of Malta recently made public a joint statement in support of the Korean peoples cause of national reunification.

The proposal for founding the Democratic Confederal Republic of Koryo advanced by President Kim Il-song of the Democratic Peoples Republic of Korea is a most fair and aboveboard one for the reunification of the country, it stressed.

Meanwhile, the Central Committee of the Women of the Malta Labour Party and the Socialist Youth League of Malta recently issued a joint statement supporting the February 10 statement of the Committee for the Peaceful Reunification of the Fatherland.

The April issue of the Cuban journal "Prisma" in an article titled "The DCRK is a Symbol of Reunification" introduced in detail the proposal for founding the DCRK and the ten-point policy to be pursued by the confederal state and condemned the South Korean authorities for opposing the realistic proposal for reunification, which enjoys the support of the world people.

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INTER-KOREAN AFFAIRS

BULGARIAN MAGAZINE SCORES S. KOREAN REUNIFICATION PLAN

SK301540 Pyongyang KCNA in English 1503 GMT 30 Apr 82

[Text] Pyongyang, April 30 (KCNA)--A recent issue of the Bulgarian magazine "International Life" published an article titled "Hollow Trumpeting" exposing the hypocrisy of the "unification proposal" brought forward by the South Korean puppet clique, according to a report.

The magazine says that the proposal for the founding of the Democratic Confederal Republic of Koryo put forward by Comrade Kim Il-song, president of the Democratic Peoples Republic of Korea, has evoked widespread repercussions at home and abroad for its justice and realistic nature.

But, the magazine adds, the South Korean authorities came out with a "unification proposal" utterly devoid of sincerity. It does not mention at all the withdrawal of the U.S. troops or the abolition of the South Korean military fascist rule, the most important and essential problems.

The magazine further says:

The "Consultative Council for National Unification" advertised by the South Korean puppets would involve not representatives of the common people but representatives of those who have perpetrated brutalities, while the representatives of the people suffer in fascist prison as ever.

The military clique came out with a "proposal for general election" without any feasibility, turning their faces away from the proposal for the founding of the Democratic Confederal Republic of Koryo, a short cut to reunification.

As to the signing of an "agreement on the basic relations between the North and the South" brought forward by the South Korean puppets, it is aimed at building higher the wall between the North and South and dividing Korea into "two states" and "two nations" for good (and for all).

The "argument for unification in the 2,000" trumpeted by the puppets is also intended to freeze the country's division under the signboard of unification.

Saying that for Korea's reunification the U.S. troops must be withdrawn from South Korea and the South Korean society be democratized first of all, the magazine stresses that the reunification of Korea must be realized on the three principles of independence, peaceful reunification and great national unity advanced by the Democratic Peoples Republic of Korea.

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INTER-KOREAN AFFAIRS

RALLIES DENOUNCE 'FASCIST SUPPRESSION' IN SOUTH

SK301108 Pyongyang KCNA in English 1034 GMT 30 Apr 82

[Text] Pyongyang, April 30 (KCNA)--Mass meetings are taking place in the Democratic Peoples Republic of Korea in denunciation of the Chon Tu-hwan group's fascist suppression of South Korean people and students.

At a mass meeting held in North Hwanghae Province Han Chang-man, chairman of the provincial peoples committee, and representatives of people of all walks of life said that on March 18 South Korean students and people set fire to the "American Cultural Centre" in Pusan and scattered many anti-U.S., anti-fascist leaflets. This was a bold action against the U.S. imperialists and the Chon Tu-hwan fascist clique, the sworn enemy of democracy and reunification, and a just patriotic struggle to establish an independent, new society where there is neither aggressor nor quisling, they remarked.

They pointed out that the Chon Tu-hwan clique detained students including Mun Pu-sik and Kim Un-suk who, it claims, are the "prime movers" of the "arson" and Kim Hyon-chang on charges of "wirepulling" them behind the scene and, furthermore, arrested and is brutally persecuting conscientious Christians including priest Choe Ki-sik on the pretext that they offered refuge to them.

At a Kaesong mass meeting vice-chairman of the municipal peoples committee Pak Mun-chan and representatives of various circles emphasized:

If it does not want to meet such miserable end as that of its predecessor who met his doom while faithfully executing the U.S. imperialists policy of colonial enslavement, the Chon Tu-hwan clique must stop at once the treachery, immediately and unconditionally release the illegally arrested patriotic people and students and step down from power without delay.

They declared: The U.S. imperialists must withdraw from South Korea forthwith, taking along their aggression forces and all destructive weapons including nuclear weapons before they are driven out by the sweeping anti-U.S. struggle of the South Korean people.

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INTER-KOREAN AFFAIRS

'ANTIGOVERNMENT STRUGGLE' SAID GROWING IN S. KOREA

SK031024 Pyongyang KCNA in English 1016 GMT 3 May 82

[Text] Pyongyang, May 3 (KCNA)--The flame of the anti-U.S., anti-"government" struggle of the South Korean people has kept spreading since it flared up around the arson at the "American Cultural Centre" in Pusan in March.

Over 1,400 students staged an anti-"government" demonstration in Seoul on April 16.

On April 22 students of Kangwon University in Chunchon, South Korean Kangwon Province, rose up in an anti-U.S. struggle, burning the U.S. flag and, on April 26 and 27, hundreds of students in Seoul staged street demonstrations, braving brutal suppression by the puppet police.

The anti-U.S., anti-"government" struggle daily growing among the South Korean people of all strata is the eruption of the pent-up resentment at the U.S. imperialists, the chieftain of aggression and root cause of all misfortunes and sufferings, and at the fascist clique of traitor Chon Tu-hwan, their lackey.

Before setting fire to the "American Cultural Centre" in Pusan, the patriotic students scattered leaflets in different places, which read: "The United States and Japan are exploiting us, pretending to aid our country economically," "We condemn U.S. neo-colonialism" and "Away with America!" They earnestly appealed: "Let us raise the torch of the anti-U.S. struggle by setting fire to the American Cultural Centre."

The students at Kangwon University, South Korea, burnt the hateful U.S. flag in their anti-U.S. struggle, chanting the slogans "Praise to the arson at the American Cultural Centre in Pusan!" and "Yankees, go home!"

The South Korean students and people are holding aloft slogans against the Chon Tu-hwan fascist clique, the lackey of U.S. imperialism and traitor, together with anti-U.S. slogans.

What is noteworthy in their anti-U.S., anti-"government" struggle is that it is daily expanding and developing with the active support and encouragement of people of all strata.

When the fascist clique arrested and persecuted the students who participated in the arson at the "American Cultural Centre" in Pusan and a churchman who sheltered them, the Standing Committee of the South Korean Catholic Bishops Council made public a statement on April 16 denouncing this outrage. On April 17, "The Korea Christian Action Organization," a joint organisation of South Korean Catholicism and Protestantism, issued a statement saying that "the arson at the American Cultural Centre is a matter of course" and strongly demanding that the U.S. ambassador in Seoul and the commander of the U.S. imperialist aggressor forces occupying South Korea be recalled home.

Things have gone to the extent where students of Kangwon University, South Korea, sprayed gasoline on the stars and stripes and burnt it in token of their protest against the aggressive crimes of the U.S. imperialists and students in Seoul held a "prayers meeting" and a street demonstration every day to support the righteous struggle of the patriotic students who set fire to the U.S. imperialists tool of ideological and cultural aggression and religionists and protest against the fascist clique's support of them.

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INTER-KOREAN AFFAIRS

'NODONG SINMUN' FLAYS EDUCATION TAX IN SOUTH

SK020944 Pyongyang KCNA in English 0839 GMT 2 May 82

[Text] Pyongyang, May 2 (KCNA)--NODONG SINMUN today in a commentary brands the "educational tax" imposed upon people by the Chon Tu-hwan clique from May 1 as a heinous predatory tax under the cloak of "education."

Noting that traitor Chon Tu-hwan waxed eloquent about "improvement of educational conditions" and "normalization of education" in enforcing the "educational tax," the author of the commentary says: This is nothing but a specious slogan.

It continues:

The "educational tax" is a product of a sinister scheme of plunder without an equal for squeezing a colossal amount of funds from the people.

What is more serious is that the Chon Tu-hwan clique intend to collect the "educational tax" not for the education of the younger generation but for the purpose of filling the gap in the growing military spending.

As everyone knows, the Chon Tu-hwan clique sharply increased the military appropriations in the puppet governments "budget" for this year, as they did last year, now they are at work to fleece the people additionally for larger appropriations to arms buildup.

The new "educational tax" levied by the puppets will have a grave effect on the peoples living.

According to rumours afloat in the South Korean public circles, the "educational tax" will lead to a 5-10 per cent rise in market prices and a 50 per cent jump in the "property tax" imposed upon the people in such rather big cities as Seoul and Pusan.

The raise of school fees by the puppet clique deny a large number of children of the poor access to school in South Korea.

The institution of the "educational tax" showed once again that traitor Chon Tu-hwan's talk about "welfare society" and "liberation from poverty"

is a sheer lie and that he is the sworn enemy of people sucking the blood of the people to the last drop.

The South Korean people and students will bring a sledgehammer of revenge on the head of traitor Chon Tu-hwan, a truculent fascist dictator and robber of the people, with their united struggle.

CSO: 4120/259

INTER-KOREAN AFFAIRS

S. KOREAN DETAINEES' FAMILIES, DOCUMENT SCORE WALKER REMARKS

Statement by Detainees' Families

SK030439 Pyongyang KCNA in English 0351 GMT 3 May 82

[Text] Pyongyang, May 3 (KCNA)--"Minjok Sibbo," a "Mindan"-lining Koreans paper published in Japan, on April 11 carried a statement issued by families of detainees in South Korea in March in denunciation of the outburst let out by U.S. Ambassador in South Korea Walker at a news conference.

We can hardly repress indignation, the statement said, at the outburst of Walker in mid-February at a news conference, where he made public his "views" on the South Korean question, insulting the dissidents striving for the democratisation of the South Korean society as "insolent greenhorns" and contending that Chon Tu-hwan was "supported" by the people.

We cannot but wonder what amount of knowledge of the South Korean situation Walker had to freely let out such words, it being less than one year since he came to South Korea. It is a foolish talk looking down upon our whole nation.

With no reasoning can he atone for it. Walker should openly apologize to our people and promptly leave for home.

Document Denounces Walker

SK040423 Pyongyang KCNA in English 0341 GMT 4 May 82

[Text] Pyongyang, May 4 (KCNA)--"New Korea Times," a Koreans paper published in Canada, on April 17 carried the first part of the secret document sent by personages devoted to the Movement for the Democratization of South Korea under the title "Secret Report From Seoul. South Korean Situation Viewed by Democratic Forces."

It denounces U.S. Ambassador to South Korea Walker who, making public his "comprehensive view" on the present South Korean question at a news conference in mid-February, insulted the personages fighting against the military fascist clique as "impudent fellows" and ranted that traitor Chon Tu-hwan was "popular" among the South Korean workers and he had achieved "big success" in "removing oppression."

The document continues:

Walkers utterances supporting Chon Tu-hwan were a high-handed piffle inconsistent with common sense.

He openly supported Chon Tu-hwan like a colonial governor praising the capacity of the head of natives to control them or like the boss of a gang crying up the head of a smaller group under him.

We do not know on what statistics Walker based himself in uttering those remarks. But we want to ask him how he could hear the expression of free will from the South Korean people who are under despotic oppression now.

We want to ask Walker if he thought of the possible consequences of his claim that the South Korean people support Chon Tu-hwan.

Referring to the protestation of Walker that the South Korean economy was "developing," delivered out of the stagnation of the 1970s, the document refutes it, saying:

"The Chon Tu-hwan 'regime' itself admits the stagnation of the economy and the sufferings of the South Korean people."

Uncovering the ugly colour of Walker, the document says:

In 1970, 1971 and 1972, that is, in a few years when Pak Chong-hui was plotting "Yusin," Walker was the most frequent attendant at "international symposiums of politics" held in South Korea to support the plot, where it was stressed that South Korean "security is facing a crisis."

We know well that the attendants at those "symposiums" were accorded lavish hospitality by the dictatorial "regime."

We know that they were paid a sizable reward, beside expenses for double trip and boarding fees.

We know well that Walker had been deeply connected with South Korea from long ago.

With his appearance, South Korea is suffering a loss, far from getting help in democratisation.

CSO: 4120/259

INTER-KOREAN AFFAIRS

BRIEFS

SEOUL UNIVERSITY STUDENTS ARRESTED--Pyongyang, May 1 (KCNA)--The Chon Tu-hwan military hooligans arrested four students of the Koryo University in Seoul on April 29 on charges of "violation of the law on assembly and demonstration", according to a report. These students including students surnamed Yi and Kang reportedly scattered more than 100 leaflets headlined "We Say in the Name of the Nation" in the campus, calling upon fellow students to rise in the anti-"government" struggle on April 15. [Text] [SK011121 Pyongyang KCNA in English 0858 GMT 1 May 82]

ARREST OF STUDENTS IN SOUTH--Pyongyang, May 3 (KCNA)--The South Korean military fascist clique on April 30 arrested Yu Pyong-chin, a fourth-year student of the journalism and radio course of Songgyungwan University in Seoul by invoking the fascist "law on assembly and demonstration," according to a report. He attempted to scatter more than 200 copies of a leaflet titled "With the Flowers of the Nation and the People" made by him in front of the "April 19 Cemetery" in Suyu-dong, Tobong District, Seoul, on April 19, the 22nd anniversary of the April 19 uprising of the South Korean people which led to the overthrow of the Syngman Rhee puppet regime. The Chon Tu-hwan military fascist clique are scheming to penalize him on charges of having attempted to distribute "illegal seditious materials." [Text] [SK030039 Pyongyang KCNA in English 2206 GMT 2 May 82]

CSO: 4120/259

S. KOREA/ECONOMY

JAPAN-BASED 'LOTTE' ENTERPRISE EXPANDING IN ROK

Premier Was Lotte Executive

Tokyo ZAIKAI in Japanese 9 Mar 82 pp 30-34

[Article by Hirobumi Murata: "New South Korean Prime Minister Is Former Chairman of 'Lotte Korea'; Lotte President Takeo Shigemitsu Is Betting on 'Bridge Operations' Between Japan and ROK"]

[Text] Japanese-South Korean relations are about to enter a new phase with such issues as the [ROK proposal for a] 6-billion dollar credit from the Japanese Government. During this period, the Yu Chang-sun cabinet has emerged under the Chon Tu-hwan government. Prime Minister Yu previously served as the chairman of "Lotte Korea," which is led by Lotte President Takeo Shigemitsu. Shigemitsu has had a friendly relationship with Yu for 30 years and is beginning to advance energetically into South Korea from the base of his Japanese enterprise.

Rapid Growth of Lotte in South Korea

Recently, Lotte President Takeo Shigemitsu has been spending all of his time in Korea. If you try to catch President Shigemitsu in Japan, his secretary usually replies that he is "on a business trip to Korea."

When I visited Shigemitsu in the president's office of the Lotte head office in Nishi Shinjuku, the first thing he said was:

"Sales of the Korean Lotte group have grown to 900 billion won. This is far ahead of the Japanese Lotte group."

Converted to yen, 900 billion won is 300 billion yen. In comparison, the Japanese Lotte group of 10 companies, centered around the main enterprise, Lotte Confectionery with its candy and food product business, had total sales of only 200 billion yen. The Korean business is 50 percent greater than the Japanese.

Shigemitsu established the business in Korea in 1967, the same time that Lotte Confectionery was established. In 1980, 14 years later, "Lotte Korea" outdid "Lotte Japan" for the first time. Now there is a difference of 100 billion yen in sales.

"The sales of the Korean Lotte group have jumped 30 or 40 percent every year. Doing business is very interesting. The Japanese business has grown by only 5 or 6 percent, or at the most, when we try hard, by 10 percent," says Shigemitsu.

Shigemitsu's speciality is "offense." This is easy to see if we examine the gum business, his main business in Japan. Young Shigemitsu began manufacturing chewing gum in 1948 on a small scale when he was only 24 years old.

At that time, there were 300 or 400 gum dealers. He crawled up out of their midst and beat out Harris, the largest dealer at the time. Now he controls close to 70 percent of the market.

The ROK seems to have given great satisfaction to this aggressive manager, President Shigemitsu.

Indeed, during the 15 years in which he has been working in the ROK, Shigemitsu has started one new venture after another. In addition to his main business of food products, he has expanded into service businesses such as hotels and department stores, distribution, and even petrochemicals. Recently he has been attempting to get into the banking business.

He has acquired 25 percent of the stock of the Pusan Bank, the largest of the country's 10 regional banks, emerging as the largest shareholder.

In addition, he is the caretaker of the Sinhan Bank, a city bank being established by resident Korean businessmen from Japan. "Because of rapid growth, there is a chronic shortage of funds in the ROK. Bank management also is very interesting."

Shigemitsu has also attracted attention in connection with Korean professional baseball, which will begin on 27 March. He is the owner of the "Lotte Giants," one of the six new teams. The team will be located in Pusan, the second largest city in South Korea.

Pusan is at the heart of South Kyongsang Province, the region where Shigemitsu was born. It is also the site of a Lotte factory, so it is a place with many personal associations.

"We are now in a fight for battle positions in Korea," says Shigemitsu. He is continually picking out new businesses.

The ROK grew rapidly under the high-growth policy of former President Pak, and industrial groups referred to as "zaibatsu" appeared. The largest

of these, the "Hyundai Group," had sales of 4.8 trillion won (about 1.6 trillion yen) in 1981, boasting a size close to 10 percent of the GNP.

Other groups such as "Lucky," Sunkyung, and Samsung are in the 4-trillion-won range.

Comparatively, "Lotte Korea," with 900 billion won, is about one-fifth the size of Hyundai. There are said to be 34 major business groups in South Korea. Among these, "Lotte Korea" ranks about 15th.

The large conglomerates such as Hyundai and Lucky have achieved large sales figures with their heavy and chemical industries. In contrast, Lotte is involved mainly in consumer-oriented businesses such as food products and department stores. Its strenuous efforts in this area can be given high marks.

Lotte's strength is in its ability to take into Korea a business that has succeeded in Japan. The major companies of "Lotte Korea," Lotte Confectionery (chewing gum and cookies) and Lotte Chilsung Beverage Company (soft drinks), were built by applying management know-how gained from experience in Japan. Another thing that should not be overlooked is its ability to obtain financing in Japan. It has latent assets such as 100,000 tsubo of landholdings and a strong credit rating with the banks because of its debt-free operations.

Chairman Masatsugu Nishigawa of Lotte's main bank, Daiichi Kangyo Bank, says: "Shigemitsu is an excellent idea man and we can observe Lotte's business operations without worrying."

Shigemitsu will use the management know-how accumulated in Japan and Lotte's ability to obtain financing to exercise the strength of his "Japanese-South Korean bridge business."

Lotte's position was greatly promoted by the emergence of Prime Minister Yu in January of this year.

Yu Chang-sun had served as the chairman of the three pillars of "Lotte Korea"--Lotte Confectionery, Lotte Chilsong Beverage, and Lotte Samkang--right up until he became Prime Minister.

Meeting South Korean Prime Minister Yu

"With Mr Yu in our company, I was able to do business in Korea without any worries," says Shigemitsu. He seems to have placed complete trust in Prime Minister Yu.

Prime Minister Yu was born in 1918 in South Pyongan Province, in what is now North Korea (DPRK). After receiving his education in the United States, he joined the Bank of Korea, the central bank of the ROK.

Shigemitsu was born in 1922 near Ulsan. He dropped out of agricultural school and came to Japan by himself at the age of 16. He studied hard, graduated from Waseda Technical High School (now the science and engineering department of Waseda University), and started the gum business.

Prime Minister Yu and Shigemitsu met a long time ago.

It was 30 years ago when Yu Chang-un first met President Shigemitsu working hard in his gum-manufacturing business in Hyakunincho, Shinjuku, in Tokyo.

President Shigemitsu was hardly 30 years old at the time. Yu was just a little over 30. Yu had the position of president of the Tokyo branch of the Bank of Korea.

"Harris is number one in the Japanese gum business right now, but I am going to overcome it. Then when I have succeeded in Japan, I am thinking of starting a business in my mother country." Yu was deeply impressed by the enthusiastic words of President Shigemitsu, so typical of a young manager. They agreed to "work together."

This was how the friendship between these two men began. They must have gotten along, because they often went drinking together in Shinjuku bars and restaurants.

After returning to Korea, Yu held many important positions, including president of the Bank of Korea, minister of commerce and industry (the counterpart of MITI in Japan), and a joint post as minister in charge of the Economic Planning Board and deputy prime minister.

When Yu became deputy prime minister, former President Pak, who had come out of the military, had total political power. He failed to take action to transfer power from the government to the people, and took steps to extend the the military government.

Former President Pak had made a public commitment to transfer power to the people, so his policy was criticized. At that point, Yu resigned from the post of deputy prime minister.

With the extension of the military government, a new political stage was being reached, and it was a time for changes among top government officials. However, Yu's resignation was a silent protest against former President Pak.

This background must have attracted the attention of Chon/Tu-hwan. The emergence of Yu as Prime Minister may have been ideal for the Chon government, which was attempting to break with the old customs of the Pak government and move ahead.

Shigemitsu is known for his skill in creating a network of the right people. He also has a good reputation in Korea as a "manager with political power."

Shigemitsu demonstrated this political strength not long ago when he invested 15 billion yen to tie up with the Mitsui group in Yosu Petrochemical. Shigemitsu took great interest in this petrochemical enterprise, which was begun as a joint operation between the South Korean Government and the Mitsui group. Shigemitsu felt that it was necessary to get on the bandwagon of heavy and chemical industry in order to further expand his business, which previously had centered on daily consumer products--mainly food.

It was customary for the South Korean Government to sell its stockholdings in order to promote the growth of domestic private enterprise, and Shigemitsu had his eye on the Yosu Petrochemical business.

He succeeded in purchasing the government stock, in spite of protests from the administrative organ involved (the Ministry of Commerce and Industry) that "Lotte is Japanese capital." It is reported that Shigemitsu had influence over Chongwadae (the President's Office), who had the decision-making authority on industrial policies.

By this means, Shigemitsu obtained 40 percent of the stock in Honam Petrochemical, a manufacturer of synthetic resins (polypropylene, polyethylene), and became the major shareholder. The Japanese share (50 percent) was held by three Mitsui companies--Mitsui and Co, Ltd, Mitsui Toatsu Chemicals, and Mitsu Petrochemical Industries.

A Management Philosophy Which Eschews Family Management

Looking at Shigemitsu's management methods, we can see a stern approach totally devoted to business. Shigemitsu's management philosophy was developed through his experience of being born in South Korea, going to Japan, succeeding in spite of difficulties, and then expanding the business in his mother country.

In the large South Korea conglomerates, such as Hyundai and Samsung, it is common for management to be concentrated in one family.

The Korean custom is for the family to join in supporting its superior members and forming family networks with the superior people in the lead. Blood ties mean a great deal in this society.

In spite of these customs, Shigemitsu takes the approach of business first, without the restrictions of family ties.

Shigemitsu is one of six children. His brothers participated in Shigemitsu's business in South Korea, but they became estranged one after another until the only one left is Sin Ch'un-ho (Shigemitsu's Korean name is Sin Kyok-ha).

Shigemitsu's brother-in-law was once involved in the management of the Lotte Hotel, the largest hotel in South Korea. However, he was later removed from the management, reportedly because of a lack of ability.

It is Shigemitsu's policy not to rely on family, but to actively seek out talented people from outside the family circle.

Because Shigemitsu has the experience of management in Japan, he has been able to advance his business without being restricted by Korean customs.

In fact, it may be that there are no people in Shigemitsu's family with a talent for business management. He himself is serving as the president of 10 of the 17 companies in the Lotte group in South Korea.

"I am not a one-man operator. I delegate a great many things to subordinates," says Shigemitsu, denying charges of one-man management.

However, the point is not whether he pushes his will onto his employees, but whether he allows them to do as much as they can.

His pattern of management in Korea was to put people from outside the family circle into important executive positions in his companies. Yu Chang-sun, who has just become Prime Minister, had the job of coordinating these executives.

The Lotte Shopping Center, built in downtown Seoul, demonstrated Shigemitsu's philosophy of trusting business acumen rather than family.

As Shigemitsu stated in an interview with the editor of this magazine (p 34), this shopping center has attracted as many as 230,000 people in one day.

The Lotte Shopping Center has had a great impact on the distribution industry in the city of Seoul.

Previously, there were three major established department stores in the city--Hwasin, Midop'a, and Sinsegye. Midop'a is affiliated with Tamaya of Fukuoka, and Sinsegye is affiliated with Mitsukoshi. They are supplied with products from these Japanese stores.

These famous department stores have been losing customers to the Lotte Shopping Center built nearby. Hwasin is having business difficulties, and a nearby shopping center, Cosmos, is in a business slump.

In South Korea, there has always been a custom of criticizing the goods and obtaining a discount before making a purchase. The price can be changed by bargaining. Scenes of this sort can be observed at the Namdaemun market in Seoul.

Shigemitsu went ahead with the construction of his department store as if attempting to cut off this custom of shopping. The Lotte Shopping Center has had a great appeal for the people of Seoul, perhaps because of its selection of high-fashion clothing and the increase in personal income [there].

Shigemitsu's success is threatening the existence of other companies. This has led to feelings of frustration and the hurling of criticism that "Lotte is Japanese capital. Japanese capital has landed on our shores."

This is the dilemma of Mr Shigemitsu, who was born Korean but became a Japanese businessman. Therefore, it seems that the only approach that remains for him is to pursue the path of business logic.

Abandoning Petrochemicals and Attempting To Win With His Own Specialties

Shigemitsu has succeeded in hotel management as well as in the department store business.

At present, among the large hotels in Seoul, the Hyatt (affiliated with Fujita Industries), the Plaza (with investment from Marubeni), and the Silla (a joint venture between Nissho Iwai, Koizumi Industries, and the Samsung conglomerate--to be operated by the Hotel Okura] are Japanese-South Korean joint ventures. Other large hotels include the Ambassador and the Garden.

At present, there are 18,547 hotel rooms in the city. A rush for high-class hotels is about to begin in preparation for the Asian conference in 1986 and the World Olympics in 1988.

Hilton has joined with the Daewoo conglomerate and is going ahead with construction. The oil-producing country Saudi Arabia is planning to construct a hotel and has applied for the approval of the South Korean Government. The number of hotel rooms in South Korea is expected to grow to 30,000 by the time of the Olympics 6 years from now.

Shigemitsu sounds confident: "Hotel sales have grown by 30 percent compared to last year." Lotte is doing well in distribution and service industries such as hotels and department stores, in addition to its main line of food products. But it has some weaknesses.

Honam Petrochemical showed losses of 4.6 billion won (1.5 billion yen) in the first half of last year alone. Since this is a 40-billion-won (12 billion yen) enterprise, this was a severe blow.

Vice President Katsu Uchida of the partner, Mitsui and Co, says: "Cheap petrochemical products are coming in from the United States and Canada, and demand inside South Korea also is falling off." Shigemitsu frankly admits that "it's tough going." Until now, even when things were difficult for petrochemicals, he always said, "It's all right. Things will get better." He had never made a defeatist statement before.

This will lead to a change in policy for Shigemitsu's business in South Korea. Shigemitsu had the ambitious idea of using petrochemicals as a step to equality with the great existing conglomerates. This idea has suffered a setback and will likely be held in abeyance. Ultimately, he will probably

avoid investing in petrochemicals and will perform on the old stage of food products and services, where his talents can be put to best use.

Interview With Lotte President

Tokyo ZAIKAI in Japanese 9 Mar 82 pp 34-37

[Interview with Takeo Shigemitsu, President of Lotte, by Chief Editor Seiji Ono: "I Will Touch off a Lotte Whirlwind in Korea"]

[Text] A Specialized Fire Department

Ono: The fire in the Hotel New Japan, with 32 deaths, was a major disaster. I understand that the executive managing director of Lotte Korea died in the fire. Is that true?

Shigemitsu: Yes. Apparently, he had come to Japan as part of a team of observers. There was no communication with the head office. After the accident, a customer informed us and there was a great commotion. It was a very sad thing.

Ono: Yes, it was terrible. Because of this disaster, caused by human neglect, fire-prevention facilities in hotels became an issue. You have the largest hotel in South Korea. Are fire-prevention measures sufficient in the Lotte Hotel in South Korea?

Shigemitsu: It is simply hard to believe that there were no fire detectors in the New Japan. I am a nervous person, and I am more concerned about safety measures than most people. When there is harm to human life, it is a terrible thing. Because it is something that is done by human beings, it is difficult to achieve 100-percent effectiveness. But in its fire-prevention system, I believe our hotel is the most advanced in the world.

Ono: As examples, what about the sprinklers, or fire detectors, or smoke exhaust facilities that became issues after the New Japan fire?

Shigemitsu: Of course, they are installed. But human lives cannot be saved with these things alone. I believe that the South Korea Lotte Hotel is the only hotel in the world with the facilities we have. There are three large, especially ordered gondolas, each with a capacity of 20 persons, to carry people back and forth between a station on the second floor and the roof. There are also helicopters on the roof, so that even if a fire started on the lower floors, if a person could make it to the roof he would be saved.

We also have our own firefighting organization at the hotel. I believe this also is a world first. This was organized with active firemen recruited away from their regular jobs. There are nine of them in all. It is arranged so that within 2 minutes they will rush to the site of trouble from a central control room if there is anything wrong in the hotel. The central control

room is set up with an observation panel, and the fire-prevention situation in each room can be carefully monitored. It is a system that can detect even small problems right away.

Ono: What if the firemen fell asleep? (laughter)

Shigemitsu: It wouldn't be possible for them to sleep on the job. There are two observation panels, a main one and a secondary one. They watch each other so they cannot fall asleep. (laughter) The hotel walls block off each room completely, so it is hard for fire to circulate. The noxious gas caused by fires is more frightening than the flames. We have a system especially ordered from a Japanese manufacturer that will automatically close vents when an unusual amount of smoke occurs. Also, gas masks are placed in each room.

Fires are started not only by guests. When employees are finished with their jobs, they are required to go through such procedures as indicating what time they turned off a gas valve, and put their seal on a form. Then the person directly responsible must make the rounds and check three times during the night. He must also affix his seal on a form to indicate what time he made the check. If he forgets this, he will be severely reprimanded. By such means, we have taken all the measures that could be imagined. Even so, I still worry. (laughter)

230,000 Customers a Day

Ono: If all hotel managers took such pains with fire prevention, the recent disaster would probably not have occurred.

Let's return to a discussion of business. In South Korea, you are doing business in many fields besides your main business of confections. You are involved in hotels and department stores in Seoul, the Yosu Petrochemical Company, and recently the formation of a professional baseball league in South Korea, which has been attracting a lot of attention. What is the total amount of sales for all of Lotte's interests in South Korea?

Shigemitsu: Well, let's see. In Korean currency it was about 900 billion won last year. In yen, that is 300 billion yen in sales. It has grown at a rate of 30 to 40 percent each year.

Ono: So it has completely surpassed Lotte in Japan. I understand that the growth rate of the Korean economy has fallen off considerably in comparison with previous years. What are the prospects from now on?

Shigemitsu: It's a little better now than last year, but overall the Korean economy faces very rough times. The growth rate for the South Korean economy last year was 4 or 5 percent. This year I have high hopes that it will be 6 or 7 percent. In the food products industry, it was low in the last half of last year, especially in November and December. But things began picking up this year, so we feel a little better. The department store

business is doing well overall, but the biggest growth was in the Lotte Shopping Center.

Ono: What was the rate of growth of the shopping center?

Shigemitsu: In January and February alone, growth was close to 40 percent compared to last year. South Korea's inflation rate right now is 14 or 15 percent, so even considering that, we still had a growth rate of 24 or 25 percent. The Lotte Hotel is doing a little less well than the shopping center, but it has grown by about 32 to 33 percent compared to last year.

Ono: That's a pretty high rate of growth. About how many customers come to the shopping center in a day?

Shigemitsu: The daily average is 50,000 or 60,000. I believe it was at Christmas time that we had a record high of 230,000 customers in one day. Of course, this was not all at once. It was from 10:30 in the morning to 8:00 at night. In size, the sales floor is about one-third the area of a Japanese department store. It was like having the population of a small city crowd into a space of about 7,000 tsubo. (laughter) It was like a terrible rush hour, like potatoes being washed. It was like getting on a crowded train car. (laughter)

Individual consumption is not growing by 20 or 30 percent. We are in a period when the class of people who usually go shopping in ordinary markets are shifting to supermarkets and large stores. I believe we were successful because of the good location in the center of the city and the skillful use of the marketing methods of Japanese department stores, with fixed prices.

No Profit in Baseball

In Korea right now, it is rumored that there is a movement among the Korean businessmen who are Japanese residents to establish the Shinkan Bank. You are also a member of the preparatory committee. I hear that you are very interested in bank operations.

Shigemitsu: I am not directly involved in management as an officer; I am just one of about 100 investors. At present, the interest rate for loans in South Korea is 15 or 16 percent. At one time, it was close to 20 percent. Compared to Japan, where there is tight financial order, in Korea bank management is a very promising field.

Ono: There is also talk that you have formed a pro baseball team known as the Lotte Giants and are entering the baseball business.

Shigemitsu: I do not dislike baseball, but when I get involved in something, I tend to become totally absorbed. I'm afraid that might happen, and so I will not be directly involved. (laughter) The professional baseball league is made up of six teams. My Lotte Giants will have a franchise in Pusan.

I have a Lotte team in Japan, too, but baseball requires large expenditures. Mr Taisha (Yoshinori Taisha, president of Nippon Ham) seems to have gotten overly involved. (laughter) In Nippon Ham's case, they sell [a product having] one name, Nippon Ham. So the team provides very good advertising for the product. Lotte has many different kinds of gum and chocolate, so our team does not have as much advertising value for us. (laughter)

Ono: You are developing a wide range of businesses in South Korea. Are there big differences in management techniques, compared to your main business of confections?

Shigemitsu: Frankly, the most difficult business is our main line of confections. (laughter) From my experience, most manufacturers of food products go to a certain point with a certain line and do not expand beyond it. In comparison, hotels and department stores seem rather easy. (laughter) This is an oversimplification, but you could say that business depends mainly on such factors as location and service, so there are few large fluctuations. In South Korea we can still expect some economic growth, so it is a little better than in Japan. But I believe that will be the case for only 7 or 8 more years.

Ono: What country are you looking at next? Don't you have a new target?

Shigemitsu: Well (laughter), I am thinking about a number of things. However, I am getting old, and it is not easy to obtain the financing. (laughter)

Prime Minister Yu a Friend for 30 Years

Ono: To change the subject, the chairman of Lotte in Korea, Yu Chang-sun, just became the new Prime Minister. How long have you been friends with Prime Minister Yu?

Shigemitsu: I believe we met in about 1950. At the time, Lotte still had only 400 to 500 employees, and when we first met he had come to Japan for the first time as branch president of the Bank of Korea. Therefore, our association goes back around 30 years. He was in Japan for about 3 years. After he went back to Korea, he advanced steadily to become president of the Bank of Korea, minister of commerce and industry, and minister in charge of the Economic Planning Board. Then he submitted his resignation to Pak Chong-hui, president at the time, and left government service. After a year as a "masterless samurai," he became the first chairman of Lotte in South Korea, and he worked for us in that capacity for 14 or 15 years.

Ono: What sort of person is he?

Shigemitsu: In a word, he is a very rational person. Therefore, he never makes unreasonable demands. Also, he has very good management skills. He is known in South Korea as a top economic expert because of his long experience in banking.

Ono: When he changed his position from Lotte Korea chairman to Prime Minister, did he talk it over with you?

Shigemitsu: No. He was not expecting it this time, and it was an urgent request from the South Korean Government, so I suppose he had to accept on the spot.

Ono: Since he is an economic expert, what sort of measures will he take for the South Korean economy?

Shigemitsu: I do not know about specifics. However, he understands the situation in Japan very well, so I believe he will understand the Japanese position better than his predecessors. Japanese-South Korean relations got a little shaky over the problem of the South Korean Government's asking Japan for 6 billion dollars. Because Yu has become Prime Minister, however, I expect that this problem will be worked out somehow during the first half of this year.

Ono: As soon as he became Prime Minister, he did such things as lower the interest rates. He acts very decisively.

Shigemitsu: The biggest problem faced by South Korea right now is domestic interest rates. Another problem is the imbalance in international payments, caused by pressure from oil. Payments for oil alone reach 4 or 5 billion dollars a year. He is now working hard to cover this cost somehow in 3 or 4 years. There is also the problem of repaying foreign loans. It will be very difficult for a while to relieve the strains in the South Korean economy.

Ono: When you go to South Korea, will you meet with Prime Minister Yu?

Shigemitsu: When I went 10 days ago, he had just taken the post of Prime Minister. It was a confused time and he was very busy, so I talked with him for only 10 minutes. He is an expert at running the economy, and the South Koreans have high expectations for Prime Minister Yu. For the time being, however, I believe he will act cautiously.

Ono: It seems that an economic expert has finally emerged to help rebuild the South Korean economy.

9651

CSO: 4105/76

GOVERNMENT TO BUILD NUCLEAR FUEL PROCESSING PLANT

Seoul HANGUK KYONGJE SINMUN in Korean 29 Apr 82 p 2

[Article: "Localization of Nuclear Fuel In Its Entirety By the Late 1980's: Government To Set Up a Korea Nuclear Fuel Company Next Month"]

[Text] Beginning with the late 1980's, nuclear fuel needed at home will be localized. The government has decided that a Korea nuclear fuel company (tentative designation) will be set up in a joint venture between the Korea Electric Power Corporation (KEPC) and the Korea Advanced Energy Research Institute (KAERI), and that a nuclear fuel processing plant will be built by the end of 1988 in partnership with modeling and processing enterprises in such advanced countries as the United States and France, thereby implementing the full localization of nuclear fuel beginning with the late 1980's. According to the localization plan for nuclear fuel announced by the Ministry of Energy and Resources on 28 April 1982, both the KEPC and the KAERI will set up a W250 million-scale Korea nuclear fuel company sometime in May with an investment ratio of 76 to 24. With this projected company as a base, a company will be formed in a partnership with a foreign firm with an investment ratio of 51 to 49 to build a nuclear fuel processing plant.

The proposed plant, which will be built to localize the modeling and processing of nuclear fuel for light-water reactors, will be initially capitalized at W18.4 billion and be provided with W8 billion in long-term loans, plus \$37,255,000 in foreign loans. Under the localization plan for nuclear fuel, a total of W53.1 billion (based on the 1981 invariable price) will be invested, and approximately 200 tons of nuclear fuel will be produced annually to meet the requirement of some 10 light-water reactors.

The proposed plant will handle the overall consumption phase of the nuclear fuel cycle--the reconversion of enriched uranium (from UF_6 to UO_2), the production of pellets and the assembly of nuclear fuel compounds, and will constitute an epoch-making momentum for the development of nuclear energy.

No detailed plan for a partnership with a foreign firm has been revealed, but it has been disclosed that modeling and processing firms in the United States and France are hopeful. A foreign firm for a partnership will be selected by the end of 1983. The construction of the proposed plant is scheduled to begin in July 1985.

Meanwhile, the government is also pushing ahead with the installation of comprehensive facilities to cope with an increase in nuclear energy wastes in technical cooperation with Belgium. The facilities will make it possible to reduce the quantity of waste and to permanently dispose of wastes now temporarily stored at the power station site.

The nuclear fuel cycle implies the 4 stages of refinement, conversion, enrichment, and modeling and processing, the process through which uranium ore must go to be utilized as nuclear fuel for nuclear power stations. The final product (nuclear fuel) produced at a modeling and processing plant is disposed of as waste after going through the burn-up process. However, some wastes will be reproduced as nuclear fuel after again going through the enrichment process.

The nuclear fuel produced at this proposed plant can be utilized in many fields, including the medical one. It is disclosed, however, that there is no plan right now to utilize nuclear fuel for any other purpose than generating nuclear energy.

CSO: 4108/151

N. KOREA/POLITICS AND GOVERNMENT

CHONG CHUN-KI SPEAKS ON SCIENCE POLICY

SK290510 Pyongyang Domestic Service in Korean 2300 GMT 28 Apr 82

[Text] A report meeting commemorating the 30th anniversary of the publication of the great leader Comrade Kim Il-song's immortal work "For the Development of Our Nation's Science" was held on 28 April in the Academy of Sciences. Placed in the front of the meeting hall was the portrait of the great leader of our party and our people Comrade Kim Il-song. The slogans reading "Long live the great leader Comrade Kim Il-song!" and "Long live the glorious KWP!" were hung in the meeting hall.

Comrade Chong Chun-ki, vice premier of the State Administration Council and president of the Academy of Sciences, Education Committee Chairman Choe Tae-pok and other personages concerned attended the meeting together with scientists and teachers of colleges. The meeting began with the playing of "Song of Gen Kim Il-song." Comrade Chong Chun-ki made a commemorative speech.

The reporter stressed: The historic speech "For the Development of Our Nation's Science" made by the great leader Comrade Kim Il-song on 27 April 1952 at a meeting of scientists was a programmatic document which summed up experiences and achievements of our party in developing the chuche-type science and technology, enabling us to systematically solve the scientific and technical problems in the postwar economic construction and for victory in the war, and put forward the brilliant path for organizing and mobilizing scientists in this work.

The great leader Comrade Kim Il-song has taught: We should continuously and vigorously struggle to establish chuche in the domain of science. We are in need of science which is required for developing our country and which serves our revolution and our people.

He noted: The respected leader's teaching for making science thoroughly serve our nation's revolution and construction is a programmatic guideline which the party and the state of the working class should firmly adhere to in developing science. The great leader, directing great attention to building our own scientific research base, promoted organization of the Academy of Sciences, the supreme sanctuary of science in our country, during the arduous fatherland liberation war period. This is a brilliant achievement of the respected leader.

The reporter pointed out that the respected leader put forward in his historic speech the policy for closely linking scientific research work with practical implementation in the national economy and for making science a base for development of the national economy. This was a just policy which scientifically prescribed the status and mission of science in economic construction and was a revolutionary line enabling the national economy to rapidly and continuously develop.

He said: In his historic speech, the respected leader not only put forward the mission of chuche science and the basic direction of scientific research, but also extensively advanced the basic principles which we should adhere to in developing science. Under the great leader's wise leadership, the ranks of scientists and technicians, as well as scientific research bases, have been consolidated and great successes were marked in scientific research work. Our science, which progressed one by one from the wasteland after liberation, developed today into a chuche-oriented and modern science credibly ensuring the endless prosperity and growth of the powerful industrial socialist country. We can be proud of this.

He noted: Today our science is in its golden age due to the energetic guidance of the glorious party center and is vigorously advancing toward a new victory. Pointing to tasks the scientists face today, the reporter stressed that all our people should actively contribute to the nation's scientific and technical development and to implementing the cause of the chuche-orientation of the entire society by accelerating the three revolutions--ideological, technical and cultural--upholding the report of the great leader Comrade Kim Il-song at the Sixth KWP Congress and his policy speech at the joint meeting of the party Central Committee and the Supreme People's Assembly.

CSO: 4108/149

N. KOREA/POLITICS AND GOVERNMENT

KWP HAILS 7 JULY CHEMICAL PLANT INAUGURAL

SK200738 Pyongyang Domestic Service in Korean 2300 GMT 12 Apr 82

[Report on message from the DPRK KWP Central Committee to construction workers participating in the expansion of the 7 July chemical plant]

[Excerpts] The KWP Central Committee has sent a message congratulating construction workers and volunteers on performing labor exploits in expanding the 7 July chemical plant. In its message, the party Central Committee extended warm congratulations to all construction workers and volunteers on performing labor exploits in implementing the great leader's instruction--expanding the 7 July chemical plant, which will contribute to developing agricultural production and improving the people's living standards.

The party Central Committee expressed satisfaction with the completion of the expansion of the plant in a short span of time by the construction workers and volunteers. This will help increase the production of chemical fertilizer and daily necessities. It hailed their brilliant labor successes.

Saying the situation in which socialist economic construction has been accelerated and in which the people's economy has rapidly developed urgently requires a new innovation in construction, the party Central Committee urged the construction workers to actively forge ahead with the construction of new objects by implementing the policy for industrialization, to expedite the inauguration of these objects and to guarantee the speed and quality of construction on a high level.

The party Central Committee expressed the firm belief that, as they did in the past, the construction workers will return the party's trust in and expectation of them by achieving greater successes in implementing the party's construction policy under the banner of the three revolutions--ideological, technical and cultural. A ceremony was held at the plant on 9 April to mark the inauguration of the 7 July chemical plant.

Participating in the meeting were functionaries concerned, including Yi Pong-kil, responsible secretary of the KWP North Hamgyong Provincial Committee, and Choe Chin-song, chairman of the North Hamgyong Provincial Economic Guidance Committee, and construction workers and volunteers.

The meeting opened with the singing of the "Song of Gen Kim Il-song." Responsible secretary Yi Pong-kil delivered the message from the party Central Committee. A report was made on the completion of the expansion project. The reporter said that as all the people throughout the country greet the birthday of the respected and beloved leader as the greatest revolutionary national holiday with excitement and delight in having the great leader Comrade Kim Il-song as the president of the country, the completion of the expansion of the 7 July chemical plant and the convocation of the ceremony marking the inauguration of this plant is of great significance. Noting the honor of the construction workers and volunteers in receiving a message from the party Central Committee upon the successful completion of the vast construction project and to hold an inaugural ceremony, he extended the utmost honor and warmest thanks to the great leader and the glorious party center for bringing about today's happiness.

He urged the participants to more correctly prepare themselves as communist revolutionaries who arm themselves with the chuche idea of our party and who are endlessly loyal to the party and the leader and expedite the construction of new chemical bases by raising the level of the mechanization of construction work.

CSO: 4108/149

N. KOREA/POLITICS AND GOVERNMENT

KWP LAUDS RAILWAY ELECTRIFICATION WORKERS

SK200750 Pyongyang Domestic Service in Korean 0400 GMT 14 Apr 82

[Report on congratulatory message by the DPRK KWP Central Committee to railway electrification workers for labor exploits rendered in the electrification of the Haeju-Sariwon railway]

[Text] In the congratulatory message, the party Central Committee noted that it congratulates the workers and assistant workers engaged in the construction of the electrified railway for their great contribution to implementing the great leader Comrade Kim Il-song's teachings for electrification of the railway by successfully completing the construction of the Haeju-Sariwon electrified railway with the approaching April festival.

Noting that they have achieved a brilliant success of completing the large-scale construction--which normally would take them a year--within about 50 days, the party Central Committee stresses that it highly values their labor gift for the 70th birthday of the great leader Comrade Kim Il-song with the completion of construction ahead of schedule by displaying endless loyalty to the party and revolution and massive heroism.

In the congratulatory message, the party Central Committee says that the railway construction workers confront a glorious duty to complete electrification of all of the railways in the nation in the near future and that the railway construction workers and assistants should establish a unified system in railway management based on electric locomotives by accelerating the electrification of new railway lines.

The ceremony for the formal opening of the Haeju-Sariwon electrified railway was held on 13 April at Haeju Youth Railway Station.

Placed with due respect at the meeting place was a portrait of Comrade Kim Il-song, the great leader of our party and people. Also displayed at the meeting place were slogans reading "Long live the great leader Comrade Kim Il-song" and "Long live the glorious KWP."

Vice Premier Kim Hoe-il and functionaries concerned, including Yi Ik-sun and (Kim Yon-hyok), attended the meeting along with the railway construction workers, railway station employees and city workers.

The meeting began with the singing of a chorus of "Song of Gen Kim Il-song."

Vice Premier Kim Hoe-il conveyed the congratulatory message of the KWP Central Committee at the meeting. Yi Ik-sun, minister of railway transportation, made a report in connection with the opening of the railway line. He noted that this is a significant event to open the Haeju-Sariwon electrified railway lines at a time when the nation is greeting the April festival as a great political festival in the midst of endless exhilaration and happiness of again upholding the great leader Comrade Kim Il-song as president of the republic. The reporter discussed the great leader's elucidation on the direction of construction of the electrified railway in this section in detail and his answers to all problems arising in the course of the construction. He also discussed the glorious party center, who set out conditions for the workers to complete the construction within the shortest period, meeting the demands of the speed battle.

He said he would like to offer the highest honor and gratitude to the great leader and the glorious party center for providing today's honor and brilliant triumph. He said all the railway construction workers and their supporters, arming themselves with our party's chuche idea, should continue accumulating brilliant labor exploits in the construction of the electrified railway by establishing the revolutionary spirit of unconditionally carrying out the party's policy.

He also stressed that the railway transportation warriors should make new efforts in railway transportation by introducing large-type transportation means and equipment, making them produce high speed and making them automatic and by thoroughly implementing the policy of the three transportation system.

Following the meeting, the red tape in front of the electric locomotive named Red Flag was cut, and the train that was to make the first trip left Sariwon railway station.

CSO: 4108/149

N. KOREA/POLITICS AND GOVERNMENT

KWP CONGRATULATES PUKCHANG POWER PLANT WORKERS

SK290458 Pyongyang Domestic Service in Korean 2200 GMT 28 Apr 82

[Excerpts] The KWP Central Committee has sent a letter of congratulations to the workers and members of the three revolutions movement who have performed labor exploits in building the No 14 dynamo of the Pukchang thermal power plant.

In the letter of congratulations, the party Central Committee warmly congratulates the workers, technicians, office workers and members of the three revolutions movement of the thermal power plant construction complex, the Nos 11 and 12 thermal power plant construction stations, the construction mechanization station and the No 51 construction station under the complex and the Pukchang thermal power plant, who have finished in a short period the building of and have successfully guaranteed the operation of the No 14 dynamo of the Pukchang thermal power plant which will greatly contribute to developing the country's power industry and the people's economy.

In the letter of congratulations, the party Central Committee stresses that the workers and members of the three revolutions movement, who have vigorously launched accomplishing the great leader's teaching about the acceleration of expanding the capacity of the Pukchang thermal power plant, have excellently evinced the indomitable spirit of struggle of carrying out, by all means, whatever tasks assigned them by the party and the leader excellently building, in a short period, and putting into operation the No 14 dynamo. The party Central Committee highly values their brilliant labor exploits which have contributed to firmly maintaining the chuche-oriented power base and strengthening the economic might.

In the letter of congratulations, the party Central Committee emphasizes that the workers of the thermal power plant construction complex should continuously wage a vigorous struggle to advance the operations of the new important facilities and that the workers and technicians of the Pukchang thermal power plant should normalize the production of electricity at a high level.

A meeting for conveying the party Central Committee's letter of congratulations was held on site on 28 April.

Along with the construction workers, the working staff and members of the three revolutions movement of the power plant, Comrade Cho Se-ung, alternate member of the Political Bureau of the KWP Central Committee and responsible secretary of the KWP Committee of South Pyongan Province, and functionaries concerned attended the meeting.

Comrade Cho Se-ung conveyed the letter of congratulations of the KWP Central Committee at the meeting.

Discussions were held at the meeting. Noting that they overflowed with endless deep gratitude upon receiving the party Central Committee's letter of congratulations, the speakers said they extended the greatest honor and warmest gratitude to the great leader and the glorious party center, who have bestowed joy and happiness upon them.

The meeting adopted a letter of pledge to the party Central Committee.

CSO: 4108/149

N. KOREA/POLITICS AND GOVERNMENT

BRIEFS

ANNOUNCEMENT ON CHOE HYON BIER--The late Comrade Choe Hyon's bier is being displayed at the Central Workers Hall in Munsu District, Pyongyang. Mourners who wish to visit the bier to pay last respects to the late comrade will be greeted from 0900 on 10 April until 0800 on 11 April. The casket of the late comrade will be carried out at 1000 on 11 April for burial. [Announcement by the State Funeral Committee for the late Comrade Choe Hyon] [Text] [SK110858 Pyongyang Domestic Service in Korean 2200 GMT 9 Apr 82]

CADRES HONORED ON KIM BIRTHDAY--On the occasion of the 70th birthday of the great leader Comrade Kim Il-song, various medals, including the Kim Il-song medal, were conferred on leading cadres of the party and the government, functionaries of the party, organs of power, public organizations, functionaries in such sectors as the economy, science, education, culture, art, public health and press information, the KPA, the Korean People's Constabulary, and the KPA's general grade officers and military officers. A ceremony to present the medals was held in Pyongyang. [Text] [SK170700 Pyongyang Domestic Service in Korean 1100 GMT 15 Apr 82]

CSO: 4108/149

N. KOREA/ECONOMY

METHODS OF ESTIMATING PROJECTIONS OF GNP

Seoul PUKHAN in Korean Dec 81 pp 86-105

[Article by Yi P'ung, chief research officer, International Economic Research Institute: "Methods of Estimating North Korea's GNP"]

[Text] I. A New Method of Estimating North Korea's GNP

In the case of a "closed" economy, the gross national product is an aggregate of the final products and services produced in a designated period of time (usually a year); it is the difference between an aggregate of all the goods and services produced and that of all the intermediate products employed in the whole process of production. Therefore, in order to estimate the GNP of North Korea, it is above all imperative to know the following: the production units by which the aggregate of all the produced goods and services is calculated; and the channel of distribution through which the aggregate of all produced goods and services is disposed of in North Korea.

In the North Korean economy, too, most of the goods and part of the services are produced by business enterprises. Government organizations do not produce goods but produce part of the services. As in other socialist countries, farming on individually operated land is allowed in North Korea; so part of the goods are produced by individuals. Part of those goods produced by individuals are consumed by the individuals themselves and the remainder is either sold to consumers in the market, which is called farmers' market,⁽¹⁾ in which prices change according to [the relationship between] supply and demand, or sold at designated prices to the state-operated purchasing agencies. Meanwhile, the individual's business activity in the farmers' market is a kind of service; therefore we know that part of the services are also produced by individuals. In North Korea, such activities of individuals of producing goods and services are called "individual sideline accounting."⁽²⁾

In North Korea, a business enterprise is called "an entrepreneurial establishment."⁽³⁾ Entrepreneurial enterprises are classified into two types--the state-operated enterprise and the cooperative enterprise--according to the type of ownership of the means of production. The state-operated enterprises, in turn, are classified into: the production enterprises in which goods and productive services⁽⁴⁾ are produced, the nonproduction enterprises in which nonproductive services,⁽⁵⁾ except for the distribution of goods, are produced,

and the distribution enterprises which are charged with distributing goods⁽⁶⁾ --a kind of nonproductive service. The production enterprises, in turn, are classified into: the industrial enterprises, construction enterprises, transportation enterprises, postal and communications enterprises, and agricultural enterprises. The agricultural enterprises are classified into: the state-operated farms and ranches which produce goods; the agricultural machines manufacturing plants and the irrigation management plants in which services are produced and supplied to the state-operated farms and ranches as well as to the cooperative farms. In order to distinguish the state-operated enterprises from the distribution enterprises, the former is called "general state-operated enterprises" in this paper. The cooperative enterprises include cooperative farms, industrial cooperatives, and fishery cooperatives. Most of the goods produced by these cooperatives are purchased by the state. As for those goods not purchased by the state: in the case of cooperative farms, some of them are sold at the farmers' market; in the case of agricultural and fisheries cooperatives, some of them are sold directly to consumers; and the remaining part of the goods produced by these cooperatives is given to members of cooperatives as "wages in kind." Thus the cooperative enterprises, like individual producers and the state-operated enterprises, produce not only goods but also the services called "the business through cooperatives."⁽⁷⁾

Goods and services produced by the state-operated enterprises are distributed and disposed of in the following five ways:

First, the intermediate goods and part of the transactions and communication services produced by many state-operated production enterprises are put into the currently active production process of other state-operated production enterprises through the state-operated distribution enterprises or the channel of direct transactions. Part of the end goods produced by many state-operated enterprises are purchased by other state-operated enterprises as investment goods. The pattern⁽⁸⁾ of prices of those goods and services transacted in⁽⁹⁾ this way includes the wholesale price that consists of the production cost and the profits obtained by the state-operated enterprises; and the industrial wholesale price⁽¹⁰⁾ that consists of the production-cost, the profits earned by the state-operated enterprises, and the income from transactions. Therefore, the total value of the intermediate goods, investment goods and services transacted through this process of distribution consists of the production cost, profits earned by the state-operated enterprises and the income from business transactions.

Second, part of the goods produced by the state-operated enterprises are either put, through the state-operated distribution enterprises, into the process of producing the public services of the government organizations as the intermediate goods or purchased as investment goods required for the investment plans of government organizations. The price of the intermediate goods and the investment goods transacted in this way is the wholesale price in its pattern. Therefore, the total value of the intermediate goods and investment goods transacted in this process of distribution is made up of the production cost and the profits earned by the state-operated enterprises.

Third, part of the goods produced by the state-operated enterprises is either sold as intermediate goods or investment goods to the cooperative enterprises

and individual producers, or sold to individual consumers, through the state-operated distribution enterprise. The pattern of the price of the intermediate goods and final goods transacted in this way is the retail price that consists of the wholesale price, income from transactions, and commercial surcharge. The commercial surcharge⁽¹¹⁾ consists of the distribution cost and profits earned by the commercial enterprises,⁽¹²⁾ which are one of the state-operated distribution enterprises. The total value of the intermediate goods and final goods transacted in this process of distribution consists of the production cost, the distribution cost of the commercial enterprises, the income earned by the state-operated enterprises, the income of commercial enterprises and the income from business transactions.

Fourth, part of the services produced by the state-operated production enterprises and the services produced by the state-operated nonproduction enterprises are sold to the cooperative enterprises, individual producers, and individual consumers through [the channels of] direct transactions. The freight charge or price,⁽¹³⁾ which is a pattern of the price applied in such dealings, consists of either the production cost and the profits earned by the state-operated enterprises, or the production cost, the profits earned by the state-operated enterprises, and the income from business transactions. Therefore, the total value of the services transacted through such a distribution process is made up of the production cost, the profits earned by the state-operated enterprises, and the income from business transactions.

Fifth, part of the services produced by the state-operated agricultural enterprises, such as farm machinery stations, irrigation management stations, seedling farms, seed processing plants, agricultural experimentation stations, study farms, and veterinary epidemic prevention stations, are put directly into the production process of the cooperative farms. In order to return for the services thus produced, the cooperative farms pay for the costs of labor, intermediate goods, and the wear and tear expenses of the fixed assets. Therefore, the total value of the services transacted in this way consists only of the production cost of the services, the prime cost.⁽¹⁴⁾

The goods produced by the cooperative enterprises and the individual sideline businesses are disposed of in the following three types of distribution:

First, part of the goods produced by the cooperative enterprises and individual sideline businesses are sold, in the form of consumer goods, investment goods or intermediate goods, to individual consumers, other individual producers, or other cooperative enterprises through [the channels of] farmers' markets or direct sale activities. The pattern of the prices of the goods transacted in this way is that of the market prices set forth through supplies and demands.⁽¹⁵⁾ Such a market price as this consists of: the intermediate goods that are put into the process of production and sale of the goods being sold, the part remunerating the wear and tear expenses of fixed assets, and the part attributable to the residual income of cooperatives and individual producers. Therefore, the total value of the goods transacted in this distribution process consists of intermediate goods, depreciation expenses, and the residual income of the enterpriser. The residual income of enterprisers may consist of the "opportunity" expenses for the labor put in, that is, the wages and profit: and the amount may be shown in the negative number.

Second, part of the goods produced by the cooperative enterprises and individual sideline businesses is either put, in the form of intermediate goods, into the production processes of the state-operated enterprises and the government organizations, or purchased in the form of investment goods required in [the implementation of] the investment plans of the state-operated enterprises and government organizations. The patterns of the prices of the intermediate goods and investment goods transacted in this way is that of the purchase price designated by the government, which also consists of, like the market price, the part remunerating the intermediate goods put in the production process of the goods, the part remunerating the wear and tear expenses of the fixed property, and the part attributable to the residual income of the cooperatives and individual producers. Therefore, the total value of the intermediate goods, investment goods transacted in this distribution process, too, consists of the intermediate goods expenses, depreciation expenses, and the residual income of the enterprisers.

Third, part of the goods produced by the cooperative enterprises and individual sideline businesses is sold, through the state-operated distribution enterprises, to individual consumers, other individual producers, or other cooperative enterprises in the form of consumer goods, investment goods, or intermediate goods. The pattern of prices of the goods transacted in this way is that of the retail price which is calculated by adding income from transactions and sales margin to the purchase price which is regarded as the production cost from the viewpoint of the state-operated distribution enterprises. Therefore, the total value of the goods transacted in this process of distribution consists of the intermediate goods expenses of the cooperatives and individual producers, the depreciation expenses, the enterpriser's residual income, the distribution expenses and profits of commercial enterprises, and the income from transactions.

The services produced by the governmental-political organizations, such as defense, law and order, and the management of public facilities, are supplied gratuitously to consumers, individual producers, cooperative enterprises, and state-operated enterprises. However, the total value of the services produced by the governmental-political organizations consists of the production cost of the services, that is, the expenses for the intermediate goods put in (government consumer goods), the wear and tear expenses of fixed assets and labor expenses.

In the above, regarding the goods and services being produced in North Korea, we reviewed nine kinds of distribution processes between production units-- five of them regarding the state-operated enterprises, three of them regarding the cooperative enterprises and individual producers, and one of them regarding the governmental-political organizations.⁽¹⁶⁾ The gross national product, that is, the total value of all the goods and services produced in North Korea in a set period of time, consists of the total value of the goods and services transacted in those nine kinds of distribution processes, the total value of the products consumed by individual producers, the total value of the products paid, in the form of the wages in kind, by the cooperative enterprises to their member workers, and the total value of the products in stock. The total value of the products consumed for home use consists of

the intermediate goods put in, the wear and tear expenses of fixed assets and labor expenses; and the value of the products in stock consists only of the production cost. The expenses for the labor which are put in the products consumed for home use are to be included in the enterpriser's residual income of individual producers; and the wages in kind paid to member workers of cooperatives are to be included in the enterpriser's residual income of the cooperative enterprises.⁽¹⁷⁾ Therefore, the components of the gross national product of North Korea are: the production cost of the products of general state-operated enterprises; the profits earned by the general state-operated enterprises; the income from business transactions; the distribution expenses of the commercial enterprises; the profits earned by the commercial enterprises; the intermediate goods expenses, depreciation expenses, enterpriser's residual income, the income from business transactions, the distribution expenses of the commercial enterprises, and the profits earned by the commercial enterprises--all in connection with the products of the cooperative enterprises and individual producers; and the intermediate goods expenses, depreciation expenses, and wages in connection with the products of the governmental-political organizations.

The distribution expenses of the commercial enterprises are nothing but the production cost paid to produce the services called commercial activities. Therefore, it may be regarded as the production cost which is a component of the gross national product, just as the production cost of the general state-operated enterprises may be regarded as such. The production cost consists of the intermediate goods expenses, depreciation expenses, wages, and the social insurance premium paid by enterprises to the governmental-political organizations.⁽¹⁸⁾ The profits earned by the commercial enterprises and those earned by the general state-operated enterprises make up the gross profit. The gross profit of the state-operated enterprises consists of the profit of the state enterprises paid to the governmental-political organizations and the retained profit of the state-operated enterprises.⁽¹⁹⁾ The residual income of the enterprisers, in the case of the cooperative enterprises, consists of the wages paid to member workers of the cooperative enterprises, the cooperative income tax paid to the governmental-political organizations, and the retained profit of the cooperative organizations.⁽²⁰⁾ The residual income of individual enterprisers corresponds to: the household income which consists of the wages paid to ordinary workers and office workers working for the state-operated enterprises and governmental-political organizations; and the cash and wages in kind paid to the member workers of cooperative enterprises. Therefore, the gross national output⁽²¹⁾ of North Korea consists of the intermediate goods expenses, depreciation expenses, household income, social insurance premium, income from business transactions, profits earned by the state enterprises, the cooperative income tax, the retained profit of the state-operated enterprises, and the retained profit of the cooperative enterprises.

There are two ways of estimating North Korea's gross national product on the basis of components of its gross national output reviewed in the above. In terms of production, North Korea's gross national product may be calculated, as indicated in its definition, by deducting the intermediate goods expenses from the gross output. In terms of distribution, North Korea's gross national

product can be calculated by adding up the depreciation expenses, household income, social insurance premium, income from business transactions, profit of the state enterprises, cooperative income tax, profit earned by the state-operated enterprises, and the retained profit earned by the cooperative organizations.

North Korea's gross national product may be calculated in terms of expenditure. As can be seen in the process of distributing goods and services which are reviewed above, the gross national product of North Korea may be calculated by adding up the following: household expenditure for consumer goods produced by enterprises and individual producers; home consumption by individual producers; the disbursements by governmental-political organizations for purchases from enterprises and individual producers of intermediate goods, labor, and the wear and tear of fixed assets; and the outlays of enterprises, individual producers, and governmental-political organizations or investment goods and [goods] in stock.

In this way, North Korea's gross national product, too, may be calculated in terms of production, distribution, or expenditure. However, because of the scarcity of statistical data caused by [the fact that North Korea is] an extremely closed society, all these three theoretical methods may not be employed in actual calculations. The approach from [the calculation of] production may be adopted only when the output and the intermediate goods cost can be figured out with regard to all production units in North Korea or all the goods and services produced in North Korea. However, enough statistical data are not available to us. The approach from [the calculation of] expenditure is not a method that is entirely unusable, such as the approach from production, because those statistical data on the [annual] budget expenditure of North Korea and the household expenditures--though they are only indirectly calculable--are available to us. Nevertheless, a satisfactory calculation of North Korea's gross national product in terms of expenditure is not likely so far as those statistical data on the home consumption of individual producers and the expenditure of enterprises and individual producers for investment goods and the goods in stock are not available to us.⁽²²⁾

Computation of the gross national product of North Korea by means of the approach from distribution is regarded, as things stand now, as a method that may produce the most satisfactory estimation of the gross national product, although such a method as this, too, is subject to a limited amount of data. But, since the economy of North Korea, too, is not an entirely closed one, the factor incomes from overseas receipts should also be calculated and added to the gross national product in terms of distribution. A gist of this new formula of calculating North Korea's gross national product may be expressed in the following diagram:

Gross national product = Household income
 + (Social insurance premium + income from business transactions + profits earned by the state enterprises + income tax of cooperative organizations)
 + (retained profits of the state-operated enterprises + retained profits of the cooperative organizations)
 + depreciation expenses + the factor incomes from overseas receipts
 = Household income + income of governmental-political organizations + retained income of enterprises + depreciation expenses + factor incomes from overseas receipts

II. The Process and Outcome of the Calculation of Gross National Product of North Korea

1. Calculation of Household Income

The best way of calculating the household income is to figure out separately and add up all of the following: wages of ordinary workers and office workers; salaries of military personnel; residual wages paid to member workers of cooperative farms and other cooperative enterprises, ⁽²⁴⁾ and the residual income of individual enterprisers. However, North Korea has never made public any statistics or data sufficient enough to allow such a calculation as this. Nevertheless, it would be possible to calculate the household income if one makes the best use, under various hypotheses, of the available data about the differences between the wage scale of North Korea and that of the Soviet Union--in terms of average monthly wages per worker of North Korea's economically active population, cooperative farm workers, general workers and office workers and that of the Soviet Union's industrial workers and collective farm workers.

First, salaries of military personnel may be calculated because the data on the number of soldiers and the annual salaries per soldier are available.

The number of people economically active can be calculated by deducting the number of servicemen, students, homemakers, the elderly and handicapped people from the population 14 years of age and older. The number of civilian employees is to be determined by adding the number of people economically active to the number of those people eligible for labor mobilization among those people economically inactive. Then the income of general workers, office workers, cooperative member workers, and individual enterprisers can be figured by multiplying the number of civilian employees by the per person wage of general workers and office workers. The calculation, in this way, of the income of civilians in employment is based on the following assumptions: one, unemployment is almost nonexistent in North Korea in view of its social system or the apparent shortage of labor force that necessitates [forced] mobilization of labor; and two, wage levels of a member of the cooperative member organizations, as individual enterpriser, general worker, or office worker, are identical.

Third, [TN: Sic] these assumptions are unrealistic when we take into account the expressed concern of the North Korean authorities about the disparity

existing in the wage levels of general workers, office workers, cooperative farm members.⁽²⁵⁾ So, after figuring out the differences in wage levels in North Korea on the basis of comparable data about the Soviet Union, we may go on to calculate the size of income of the civilians employed. Thus, by adding up the income of the civilians employed thus calculated and the pay of soldiers, we may calculate the household income.

(1) Number of Civilians Employed: Data used in calculating the number of civilians employed in North Korea are given in summary in Table 1.

Table 1. Estimates of the Civilians Employed

Unit: 1,000

Year	(A) Mid-year population	(B) Economically active population	(C) Mobilizable work force	(D)=(B)+(C) Civilians employed
1960	10,562	3,211	1,296	4,507
1961	10,945	3,382	1,355	4,737
1962	11,217	3,590	1,168	4,758
1963	11,497	3,797	1,144	4,941
1964	11,857	4,190	1,085	5,275
1965	12,252	4,316	1,134	5,450
1966	12,584	4,445	1,172	5,617
1967	12,924	4,578	1,129	5,707
1968	13,274	4,715	1,078	5,793
1969	13,633	4,856	1,032	5,888
1970	14,002	5,002	1,042	6,044
1971	14,344	5,152	1,077	6,229
1972	14,694	5,307	1,121	6,428
1973	15,053	(5,466)	--	6,666
1974	15,420	(5,630)	--	6,893
1975	15,796	(5,799)	--	7,137
1976	16,158	(5,973)	--	7,362
1977	(16,530)	(6,152)	--	(7,439)
1978	(16,910)	(6,337)	--	(7,610)
1979	(17,299)	(6,527)	--	(7,785)

Source: Based on the data acquired or compiled by the research organizations of the ROK.

Note: Figures in parentheses are presumed ones. As for the mid-year population figures, they are computed by applying the annual population growth rate of 2.3 percent worked out for the period 1977-80 by the research organizations in the ROK. The economically active population figures are computed by applying an annual increase rate of 3 percent as presumed by the research organizations of the ROK. The number of civilians employed occupying in the mid-year population figure of each of those years during the period 1973-76 is calculated; then the average of those rates, which turned out to be 45 percent, is applied in figuring out the number of civilians employed.

The number of the civilians employed for the 1960-72 period is based on figures of the economically active population and of those workers eligible for

labor mobilization as provided by the research organizations of the ROK. In North Korea, those economically inactive people among those who are above the age of 14 are eligible for labor mobilization and able to earn wages.⁽²⁶⁾ Therefore, these people who are eligible for labor mobilization are also to be included in the category of the civilians employed. The research organizations in the ROK devised two ways of estimating North Korea's labor force eligible for mobilization: one, to include 80 percent of homemakers, 50 percent of the elderly and handicapped, and 30 percent of students above the age of 14; and the other, to include 50 percent of homemakers, and 30 percent of the elderly and handicapped. In this paper, the second way is followed, because, in estimating the income accruing from labor mobilization, the inflated income figured out by multiplying the wages of general and office workers, who earn more than ordinary workers mobilized, by the number of those eligible for labor mobilization should be adjusted downward.

The number of civilians employed during the 1973-76 period, too, is the very figure estimated by the research organizations of the ROK for each year of the period; that is, the figure calculated by multiplying the number of population of each year, which includes all the people above the age of 14 except for military personnel, by the percentage of the civilians employed that occupied in the number of population of the year of 1971.

As for the 1977-79 period, the amount of data available was not enough to enable the use of the above-cited method. So, the percentages of the civilians employed occupying in the mid-year population of each year during the 1973-76 period are figured out first; 45 percent turned out to be the nearest average of those figures thus calculated. Thus the number of civilians employed during the 1977-79 was calculated by multiplying the mid-year population of each year of the period by 45 percent.

(2) Average Monthly Wage per Worker: North Korea announced that the monthly average wage of workers, office workers, and technicians was raised by 31.5 percent to become 70 won by Cabinet Ordinance No 70 dated 1 September 1970; and later, this fact was confirmed. In 1972, it was announced that the average monthly wage was 70 won.⁽²⁷⁾ Based on this, it is presumed that the average monthly wage was 70 won in 1971 also, and that the average monthly wage of 1970 was approximately 59 won, the weighted average of monthly average wages that prevailed prior to the raise cited above.

The yearly series of monthly average wage per general worker, or office worker shown in Table 2 are calculated by means of the following wage increase rates: for the 1970, 1971, 1972 period, the wage increase rate calculated on the basis of the monthly average wage; for the 1960-69 period, the wage increase rate which North Korea either made public or estimated; and for the 1973-79 period, the wage increase rate calculated by means of the 1979 monthly average wage 80 won,⁽²⁸⁾ estimated by the Naeoe T'ongsin.

Table 2. Estimated Wage Per Worker

(Unit: won)

Year	Average monthly wage	Bases for Estimation	
1960	42.8654		
1961	44.1514	1)	Rate of average money wage raise 3% is applied
1962	44.5929	2)	" 1% "
1963	45.4847	3)	" 2% "
1964	46.3944	4)	" 2% "
1965	47.3223		2% is assumed
1966	48.2688		2% "
1967	51.1649	5)	" 6% is applied
1968	52.1882		2% is assumed
1969	53.2319		2% "
1970	58.8213	6)	From 1 September 1970, the average money wage was raised by 31.5% to become 70 won.
1971	70.0000		It is presumed that the wage remained at level of 70 won.
1972	70.0000	7)	It was announced that the wage continued to be at level of 70 won.
1973	71.3481	Yearly compound average increase rate 1.9259% is applied. [$70(1+r)^7=80 \longrightarrow (1+r)=1.019259$]	
1974	72.7222		
1975	74.1228		
1976	75.5503		
1977	77.0053		
1978	78.4884		
1979	80.0000	8)	Presumed by the ROK side.

Sources: (1) (2) (4) are based on the data obtained by the research organizations of the ROK. (3) Choson Chungang T'ongsinsa [KCNA], CHOSON CHUNGANG YON'GAM [Korean Central Yearbook] 1964 edition, p 200; (5) Ibid., 1968 edition, p 175; (6) Ibid., 1971 edition, p 248; 1972 edition, p 351; 1973 edition, p 248; (7) Ibid., 1973 edition, p 280; (8) Corporate Body Naeoe T'ongsin, NAEOE T'ONGSIN, No 184 (16 July 1980).

Table 3. Income Estimates for Civilians Employed

(1)	(2)	(3)	(4)	(5)	(6)
年 度	(A) 年平均賃金 (圓)	(B) 民間就業者數 (千名)	(C) 調整되지 않은 民間就業者所得 (千圓)	(D) 協同農場 員所得差減額 (千圓)	(E) 調整된 民間 就業者所得 (千圓)
1960	514.3848	4,507	2,318,332	236,479	2,081,853
1961	529.8168	4,737	2,509,742	237,083	2,272,656
1962	535.1148	4,758	2,546,076	233,462	2,312,614
1963	545.8164	4,941	2,696,879	229,487	2,467,392
1964	556.7328	5,275	2,936,766	187,996	2,748,770
1965	567.8676	5,450	3,094,878	123,622	2,971,256
1966	579.2256	5,617	3,253,510	115,543	3,137,967
1967	613.9788	5,707	3,503,977	110,519	3,393,458
1968	626.2584	5,793	3,627,915	113,579	3,514,336
1969	638.7828	5,888	3,761,153	116,551	3,644,602
1970	705.8556	6,044	4,266,191	129,656	4,136,535
1971	840.0000	6,229	5,232,360	155,078	5,077,282
1972	840.0000	6,428	5,399,520	155,893	5,243,627
1973	856.1772	6,666	5,707,277	159,510	5,547,767
1974	872.6664	6,893	6,015,289	163,304	5,851,985
1975	889.4736	7,137	6,348,173	166,853	6,181,320
1976	906.6036	7,362	6,674,416	170,568	6,503,848
1977	924.0636	7,439	6,874,109	174,224	6,699,885
1978	941.8608	7,610	7,167,561	177,550	6,990,011
1979	960.0000	7,785	7,473,600	181,087	7,292,513

Sources: Average annual wage (Table 2) is calculated by multiplying the average monthly wage by 12; the number of civilians employed (Table 1); income margin for cooperative farm members (Table 5).

Key:

1. Year
2. (A) Average annual income (won)
3. (B) Number of civilians employed (1,000 men)
4. (C) Unadjusted income of civilians employed (1,000 won)
5. (D) Income margin for cooperative farm members (1,000 won)
6. (E) Adjusted income for civilians employed (1,000 won)

(3) Civilian Employees' Income: The (C) column of Table 3 shows the civilian employees' income which is estimated by multiplying the monthly average wage per general worker or clerical worker by the total number of civilian employees. However, most of the civilians employed, except for the general workers and clerical workers, are members of cooperative farms.⁽²⁹⁾ Therefore, as mentioned earlier, if the difference in income between members of cooperative farms and general workers or clerical workers is big enough so that North Korean authorities may take an issue out of it, the figures given on the (C) column should be readjusted. However, North Korea has never made public the data needed to calculate the income difference.

Thus, in order to make up for the inadequacy of available data, we set forth an assumption that the relative gap of income for industrial workers, collective, or cooperative farm members is identical during the same year between

the Soviet Union and North Korea.⁽³⁰⁾ Then we estimated the income gap in North Korea by making use of the data of the Soviet Union. Table 4 shows a result of such calculations. Using the rate of income margin for cooperative farms shown in this table and the unadjusted income of the cooperative farm members, the amount of decrease in the income of cooperative farm members is to be calculated. The process of this calculation is shown in summary in Table 5. The income for civilians employed shown on column (E) of Table 3 is the amount resulted from the subtraction of the income margin for cooperative farm members from the figures shown on column (C).

(4) Household Income: The household income calculated by adding the adjusted income of civilians employed shown in Table 3 is shown in Table 6.

Table 4. Estimates of Rate of Income Margin of Cooperative Farm Members

年度 (1)	(A) 私有地所得金 除外社 集團農 場員 所得 產業 勞動者賃金 (2)	(B) 私有地所得金 除外社 集團農 場員 所得 集團農 場員總所得 (4)	(C) = (A) / (B) 集團農場員 總所得 產業 勞動者賃金 (6)	(D) = 1 - (C) 協同農場員所得 差減率 (8)
	(3)	(5)	(7)	
1960	0.252	0.38	0.6632	0.3368
1961	—	—	(0.6886)	0.3114
1962	—	—	(0.7141)	0.2859
1963	0.318	0.43	0.7395	0.2605
1964	—	—	(0.8104)	0.1896
1965	0.423	0.48	0.8813	0.1187
1966	—	—	(0.8944)	0.1056
1967	0.481	0.53	0.9075	0.0925
1968	—	—	(0.9095)	0.0905
1969	—	—	(0.9116)	0.0884
1970	—	—	(0.9136)	0.0864
1971	—	—	(0.9157)	0.0843
1972	—	—	(0.9177)	0.0823
1973	—	—	(0.9198)	0.0802
1974	—	—	(0.9218)	0.0782
1974	—	—	(0.9239)	0.0761
1976	—	—	0.9259*	0.0741
1977	—	—	(0.9279)	0.0721
1978	—	—	(0.9300)	0.0700
1979	—	—	(0.9320)	0.0680

Sources: (A) James R. Millar, (ed) "The Soviet Rural Community" (Urbana: University of Illinois Press, 1971) p 229; (B) Ibid, p 223.

Note: The figures in parentheses on column (C) are obtained by using the figures of 1960, 1963, 1965, 1967 and 1976 and the increases that occurred in these figures. The figure with an asterisk is the percentage of 150 [won], which was the per household income of cooperative farm members, occupying in 162 won, which was the per household income of general workers (the target set forth in North Korea's 6-Year Plan).

Key:

1. Year
2. (A) Income of collective farm members, exclusive of the income from private farm land
3. Wage of industrial workers

[Key continued on following page]

4. (B) Income of collective farm members, exclusive of the income from private farm land
5. Total income of collective farm members
6. (C)=(A)/(B) Total income of collective farm members
7. Wage of industrial workers
8. (D)=1-(C) Rate of income margin of cooperative farm members

Table 5. Adjustment of Income of Cooperative Farm Members

(1)	(2)	(3)	(4)	(5)
年 度	(A) 年平均賃金 (圓)	(B) 協同農場員數 (千名)	(C) 協同農場員 所得差減率	(D) 協同農場 員所得差減額 (千圓)
1960	514.3848	1,365	0.3368	236.479
1961	529.8168	1,437	0.3114	237,083
1962	535.1148	1,526	0.2859	233,462
1963	545.8164	1,614	0.2605	229,487
1964	556.7328	1,781	0.1896	187,996
1965	567.8676	1,834	0.1187	123,622
1966	579.2256	1,889	0.1056	115,543
1967	613.9788	1,946	0.0925	110,519
1968	626.2584	2,004	0.0905	113,579
1969	638.7828	2,064	0.0884	116,551
1970	705.8556	2,126	0.0864	129,656
1971	840.0000	2,190	0.0843	155,078
1972	840.0000	2,255	0.0823	155,893
1973	856.1772	2,323	0.0802	159,510
1974	872.6664	2,393	0.0782	163,304
1975	889.4736	2,465	0.0761	166,853
1976	906.6036	2,539	0.0741	170,568
1977	924.0636	2,615	0.0721	174,224
1978	941.8608	2,693	0.0700	177,550
1979	960.0000	2,774	0.0680	181,087

Sources: Average annual wage: Table 3; the number of cooperative farm members: Table 1 (as announced by research organizations of the ROK, calculation was done on the basis of the estimate that 42.5 percent of the economically active population are members of cooperative farms. Income margin rate of members of cooperative farms: Table 4.

Key:

1. Year
2. (A) Average annual wage (won)
3. (B) Number of cooperative farm members (1,000 men)
4. (C) Income margin rate of cooperative farm members
5. (D) Amount of income margin of cooperative farm members (1,000 won)

Table 6. Estimates of Household Income

(Unit: won)

<u>Year</u>	<u>(A) Adjusted income of civilians employed</u>	<u>(B) Household income</u>
1960	2,081,853	2,142,117
1961	2,272,659	2,331,832
1962	2,312,614	2,374,244
1963	2,467,392	2,530,972
1964	2,748,770	2,819,107
1965	2,971,256	3,042,416
1966	3,137,967	3,210,210
1967	3,393,458	3,467,081
1968	3,514,336	3,591,926
1969	3,644,602	3,728,962
1970	4,136,535	4,222,044
1971	5,077,282	5,163,617
1972	5,243,627	5,331,180
1973	5,547,767	5,643,163
1974	5,851,985	5,959,280
1975	6,181,320	6,290,748
1976	6,503,848	6,614,413
1977	6,699,885	6,810,796
1978	6,990,011	7,091,899
1979	7,292,513	7,437,233

Sources: (A): Table 4.

2. Estimates of Income of Governmental-Political Organizations

It would be ideal if we could calculate the income of the governmental-political organizations of North Korea by adding up the following, which are figured out separately: the income from business transactions, profits earned by state-operated enterprises, income tax from cooperative organizations, and the social insurance premium paid by enterprises. However, the circumstances surrounding the data do not permit this. Nevertheless, North Korea has long been making public the gross amount of socialist accounting receipt the largest proportion of which is accounted for by the income of the governmental-political organizations. The socialist accounting receipt refers to the income of governmental-political organizations earned through socialized enterprises. It includes: the income that is not to be regarded as the income of governmental-political organizations, such as the income of health organizations, trade organizations, and irrigation organizations; the property income; the customs income; [various] fees; and carryovers. Therefore, if we can figure out the percentage of socialist accounting receipt occupying in the income of governmental-political organizations, we may be able to estimate the income of governmental-political organizations, although it may not be satisfactory enough.

(1) Components of Socialist Accounting Receipt: It was only in 1957 and 1958 that North Korea made public components of its socialist accounting receipt.

Table 7 shows the gross amounts, as well as components, of socialist accounting receipts of both 1957 and 1958. But, the percentage of social insurance premiums which is a kind of governmental-political organizations' income occupying in socialist accounting receipt is not shown here. And, even the percentages of other governmental-political organizations' income, such as the income from business transactions, profits earned by state-operated enterprises, and the income tax from cooperative organizations, do not show an even trend. However, the percentage of the gross amount of the income from business transactions, the profit earned by state-operated enterprises, and the income tax from cooperative organizations occupying in the socialist accounting receipt was 75.48 in 1957; 77.86 in 1958; and 76.86 for the average of both years. When the percentage of social insurance premium is taken into consideration, (31) the percentage of governmental-political organizations' income occupying in the socialist accounting receipt was roughly 80 percent in estimate. Therefore, one way of figuring out the income of governmental-political organizations is to multiply the socialist accounting receipt by 0.8.

Table 7. Components of Socialist Accounting Receipt

	<u>1957</u>	<u>1958</u>	<u>1957-58</u>
Income from business transactions	510,000(0.4961)	917,440(0.6417)	1,427,440(0.580810)
Profit earned by state enterprises	186,000(0.1809)	169,730(0.1187)	355,730(0.144743)
Income tax from cooperative organizations	80,000(0.0778)	25,990(0.0182)	105,990(0.043126)
Others	252,000(0.2451)	316,510(0.2214)	568,510(0.231321)
Total	1,028,000(1.0000)	1,429,670(1.0000)	2,457,670(1.0000000)

Sources: Based on the data obtained by the research organizations of the ROK regarding the budgetary revenue of North Korea.

Note: The socialist accounting receipt for 1958 is the amount obtained by subtracting the resident tax receipt and the assistance income from the gross budgetary revenue.

Another way of estimating the income of governmental-political organizations is to estimate it for each fiscal year, instead of employing the method cited above, in which the percentage of governmental-political organizations' income occupying in the socialist accounting receipt is estimated in the same way for each of the years reviewed. In order to employ this method, it is imperative to find out how the percentage of each component of the income of governmental-political organizations occupying in the socialist accounting receipt has been changing.

The percentage of the income from business transactions was made public also for 1961, 1962, and 1965; according to the estimates of research organizations of the ROK, it was approximately 55 to 57 percent. It seems to have been increasing in light of both the trend shown during the period from 1961 to 1965 and the judgments made by the research organizations of the ROK.

Meanwhile, according to the explanations given by North Korea, while the economic activities of state-operated enterprises were expanded either absolutely or relatively in comparison with the enterprises of cooperative organizations, the percentage of the profits earned by state-operated enterprises occupying in the socialist accounting receipt seemed to have been increasing gradually and the percentage of cooperative organizations seemed to have been decreasing gradually.

However, as shown in Table 7, the percentage of the income tax from cooperative organizations was much smaller in comparison with the income from business transactions or the profits earned by state-operated enterprises. Therefore, the percentage of the gross amount of the income from business transactions, the profits earned by state-operated enterprises, and the income tax from cooperative organizations occupying in the socialist accounting receipt seemed to have increased gradually. Furthermore, as mentioned above, the percentage of the income of governmental-political organizations occupying in the socialist accounting receipt seemed to have increased gradually, because the percentage of social insurance premiums was small also.

(2) Income of Governmental-Political Organizations: Table 8 shows the figures of the incomes of governmental-political organizations which are calculated by multiplying the socialist accounting receipt by the percentage of the income of governmental-political organizations occupying in the socialist accounting receipt--while identifying the pattern of gradual increase of the percentage--for each of the years listed in the table. The table also shows the figures of the incomes of governmental-political organizations which are calculated by multiplying socialist accounting receipt by 0.8 equally for all the years listed in the table. The percentage of the income of governmental-political organizations occupying in the socialist accounting receipt, which is used to calculate the figures of the income of governmental-political organizations, was computed on the basis of the following two assumptions:

First, the percentage of the income from business transactions occupying in the socialist accounting receipt for all the years, except for 1961, 1962, and 1965 during which the percentages were made public, was presumed to have increased by the yearly average increase rate figured out from the difference between the percentage of the year of 1965 and that of 1961.

Second, it is presumed that one-half of the balance of the socialist accounting receipt from which business transactions income is subtracted constitutes state enterprises profit, cooperative organizations income tax, and the social insurance premium paid by enterprises. The reasons why these assumptions are taken are as follows: as shown in Table 7, in 1957 and 1958, the percentage of state enterprises profits and the cooperative organizations income tax occupying in the socialist accounting receipt was approximately 18.8 percent, while the percentage of other incomes than the state enterprises profits and cooperative organizations income tax was approximately 23.1 percent. However, it was presumed that the total of social insurance premium paid by enterprises, state enterprises income, and the cooperative organizations income tax would be near to a half of the socialist accounting receipt exclusive of the business transactions income.

Table 8. Estimates of Income of Governmental-Political Organizations

(Unit: 1,000 won)

(1) 年 度	(2) (A) 社會主義經理收入	(B) 去來 收入金 (3)	(4) 社會主義經理 收入 (5)	(C)=[1+(B)]/2 社會主義經理 收入 (6)	(7) (D)=(A)×(C) 政權所得推計 I	(8) (E)=(A)×0.8 政權所得推計 I
1960	1,936,510	0.5808		0.7904	1,530,627	1,549,208
1961	2,349,600	0.5495		0.7748	1,820,400	1,879,680
1962	2,835,540	0.5520		0.7760	2,200,437	2,268,432
1963	3,081,920	(0.5584)		0.7792	2,401,498	2,465,536
1964	3,428,800	(0.5629)		0.7814	2,679,427	2,743,040
1965	3,502,360	0.5673		0.7837	2,744,707	2,801,888
1966	3,598,070	(0.5718)		0.7859	2,827,721	2,878,456
1967	4,024,490	(0.5762)		0.7881	3,171,803	3,219,592
1968	4,933,270	(0.5807)		0.7904	3,899,017	3,946,616
1969	5,223,290	(0.5851)		0.7926	4,139,862	4,178,632
1970	6,120,020	(0.5896)		0.7948	4,864,213	4,896,016
1971	6,242,920	(0.5941)		0.7970	4,975,791	4,994,336
1972	7,281,690	(0.5985)		0.7993	5,819,931	5,825,352
1973	8,397,390	(0.6030)		0.8015	6,730,353	6,717,912
1974	10,115,250	(0.6074)		0.8037	8,129,702	8,092,200
1975	11,586,300	(0.6119)		0.8059	9,337,787	9,269,040
1976	12,625,830	(0.6163)		0.8082	10,203,684	10,100,664
1977	13,789,000	(0.6208)		0.8104	11,174,406	11,031,200
1978	15,657,300	(0.6252)		0.8126	12,723,302	12,525,840
1979	17,477,900	(0.6297)		0.8148	14,241,648	13,982,320

Sources: Based on the data of the budget revenue of North Korea obtained by the research organizations of the ROK.

Notes: In (B), the percentage for 1960 was regarded as the same as that for 1957-58 and thereby was transferred from Table 7. The percentages in parentheses are calculated by applying 0.004452, the yearly average increase rate figured out from the difference between the percentage for 1965 and that for 1961. In the actual computation in (B) and (C), calculation was done down to the sixth decimal place.

Key:

1. Year
2. (A) Socialist accounting receipt [SAR]
3. (B) Business transactions income
4. Socialist accounting receipt
5. $(C)=[1+(B)]/2$
Governmental-political organizations income
6. SAR
7. $(D)=(A) \times (C)$
Estimates of governmental-political organizations income I
8. $(E)=(A) \times 0.8$
Estimates of governmental-political organizations income I [TN: Sic]

Table 8 shows that there is no big difference between the estimates of the income of governmental-political organizations calculated by means of a more complicated method of figuring out on the basis of assumptions cited above and those calculated by means of a simple method of figuring. The reason is

that the percentage of the income of governmental-political organizations for each year listed on the column of Estimate I is not much different from 0.8, which is applied equally for the percentage of governmental-political organizations' income. Therefore, either the Estimate I or Estimate II may be used, if the purpose is simply to figure out the governmental-political organizations' income.

However, it would be better to use Estimate II in the case when the estimated retained incomes of enterprises is to be calculated as in the case cited below. Calculation of the retained incomes of enterprises requires the estimation of state enterprise profits and cooperative organizations' income taxes for each year. The reason for this is that we had better use the data of socialist accounting receipts for 1958 rather than the data used in Estimate I--the content of the consolidated socialist accounting receipts in 1957 and 1958, especially the percentage of cooperative organizations' income taxes. Again the reason for this is that the percentage of cooperative organizations' income taxes occupying in the socialist accounting receipts was greatly reduced, as shown in Table 7--7.78 percent for 1957 dropped to 1.82 percent for 1958. The percentage of cooperative organizations' income taxes, although it grew somewhat afterwards, as mentioned above, gradually decreased; so it is presumed that its percentage changed little from the level of 1958.

3. Estimates of Retained Income of Enterprises

When we deduct the state enterprises' profits and cooperative organizations' income taxes--these are to be paid to the budget of the governmental-political organizations--from the profits earned by the state-operated enterprises and the enterprises of cooperative organizations, we find retained incomes of enterprises there. North Korea has never made public the scale of retained incomes of enterprises. Thus, in order to figure out the retained incomes of enterprises, we must first calculate the percentages of the retained incomes of state-operated enterprises and state enterprises' profits and the percentages of the retained incomes of cooperative organizations and the income taxes of cooperative organizations. Then we must figure out for each year the incomes of state enterprises and the income taxes of the cooperative organizations on the basis of the time sequence of the socialist accounting receipt and the content of the socialist accounting receipt for the year of 1958. Then we must multiply these figures by the percentages computed on the first stage. We can use only this indirect method of calculation.

However, the percentage of the profits, which would be retained, occupying in the total profits of state-operated enterprises and cooperative organizations enterprises is not made public in detail. Thus, the estimation of the retained income of enterprises is not to be made so accurately as that of household income or income of governmental-political organizations.

According to some researchers' quarters, the rate of payments to the central governmental-political organizations are as follows: various kinds of cooperatives, exclusive of sidelines of cooperative farms and the fishery cooperatives, pay 10 percent of the profit settled at the time of closing accounts; cooperative farm stores pay 15 percent of the profit settled at the time of

closing account; fishery cooperatives pay 2 or 3 percent of the income from sales; banks and insurance organizations pay 50 percent of gross profit; and the large-scale sidelines operated by ordinary state-operated enterprises or the daily necessities stores pay 10 percent of the profit settled at the time of closing accounts.⁽³²⁾ Sources of this information and the year for which this information is available are not known. Even if we accept this information to be true, we only know that the rate of income tax for cooperative organizations is approximately 10 percent; and there is no way of telling the percentage of the state enterprise profit, which general state-operated enterprises pay, occupying in their total profit. Therefore, we used the Soviet Union's data to figure out the percentage. In the case of the Soviet Union, the portion of the profit of state-operated enterprises in 1967, which was paid to the government's budget, reached 62.4 percent.⁽³³⁾

In light of North Korea's explanation about the use of the profits of enterprises, the following calculation does not seem to be too far from the correct one: to figure out the ratio between the retained profits of cooperative organizations and the income taxes of cooperative organizations at 9 to 1; and to figure out the ratio between the retained profits of state enterprises and the profits of state enterprises at 37.6 to 62.4. According to North Korea's explanation, the reason for collecting the profits of state enterprises is that there is need of reasonably distributing and utilizing the profits earned by state-operated enterprises for the benefit of the dimension of the whole country.⁽³⁴⁾ Thus, most of the funds needed for expanded reproduction in the state-operated enterprises are to be appropriated as the expenditure for capital construction of the state, one of the expenditure items of the budget. But, if we assume that the investment rate of North Korea, a country less developed than the Soviet Union, is higher than that of the Soviet Union, it is much possible that the proportion of the profits retained by the state-operated enterprises of North Korea is lower than that of the Soviet Union. Therefore, there would be a low possibility of underestimating the actual retained profits of state-operated enterprises of North Korea, if the retained profits are figured out on the basis of the data of the Soviet Union. Meanwhile, North Korea explains that only the lesser part of the profits of cooperatives is collected as the cooperative organizations' income taxes, while most of the profits earned by cooperatives is used for the expanded reproduction in the cooperatives and the fund for the common consumption of the members of the cooperatives.⁽³⁵⁾ This is not incompatible with the estimation that 90 percent of the profits of cooperative organizations is retained.

Table 9 shows the retained income of enterprises which is calculated on the basis of: the percentage of the income taxes of cooperatives occupying in the retained profits of cooperative organizations--as figured out in the above; the percentage of the profits of state enterprises occupying in the retained profits of state-operated enterprises--as figured out in the above; the time sequence of the socialist accounting receipt in Table 8; and the components of the socialist accounting receipts for 1958 as figured in the above.

Table 9. Estimates of Retained Income of Enterprises

(Unit: 1,000 won)

(1)	(2)	(3)	(4)	(5)
年 度	(A) 社會主義管理收入	(B) = (A) × 0.1187 × $\frac{376}{624}$ 國營企業所 留保利潤	(C) = (A) × 0.0182 × 9 協同團體留保利潤	(D) = (B) + (C) 企業留保所得推計
1960	1,936,510	138,460	315,457	453,917
1961	2,349,600	167,996	382,750	550,746
1962	2,835,540	202,741	461,909	664,650
1963	3,081,920	220,357	502,045	722,402
1964	3,428,800	245,159	558,552	803,711
1965	3,502,360	250,419	570,534	820,953
1966	3,598,070	257,262	586,126	843,388
1967	4,024,490	287,751	655,589	943,340
1968	4,933,270	352,729	803,630	1,156,359
1969	5,223,290	373,465	850,874	1,224,339
1970	6,120,020	437,581	996,951	1,434,532
1971	6,242,920	446,369	1,016,972	1,463,341
1972	7,281,690	520,641	1,186,187	1,706,828
1973	8,397,390	600,413	1,367,935	1,968,348
1974	10,115,250	723,240	1,647,774	2,371,014
1975	11,586,300	828,420	1,887,408	2,715,828
1976	12,625,830	902,747	2,056,748	2,959,495
1977	13,789,000	985,914	2,246,228	3,232,142
1978	15,657,300	1,119,497	2,550,574	3,670,071
1979	17,477,300	1,249,670	2,847,150	4,096,820

Source: Socialist accounting receipt: Table 8.

Notes: In (B) and (C) respectively, the ratio between the profits of state-operated enterprises and the retained profits in the profits of state-operated enterprises is put at 624 to 376; in the profits of cooperative organizations, the ratio between the income taxes and retained profits of cooperative organizations is put at 1 to 93; and the percentage of the profits of the state enterprises and the income taxes of cooperative organizations occupying in the socialist accounting receipt is based on the figure for 1958 in Table 7.

Key:

1. Year
2. (A) Socialist accounting receipts
3. $(B) = (A) \times 0.1187 \times \frac{376}{624}$ Retained profits of state-operated enterprises
4. $(C) = (A) \times 0.0182 \times 9$ Retained profits of cooperative organizations
5. $(D) = (B) + (C)$ Estimate II of retained income of enterprises

4. Calculation of Gross National Product

In order to calculate North Korea's gross national product, we may figure out the net national product first by adding up the household income figured out in the above, the income of governmental-political organizations, retained income of enterprises, and overseas net receipt factor income; then we may apply the depreciation rate that has been figured out to the net national product.

However, as for the overseas net receipt factor income, there is no data for this whatsoever. Unlike other items, the overseas net receipt factor income had better not be considered in calculating the net national product; doing so would eliminate further errors. The methods that would be difficult to justify had better not be used in this case. The reason for this is that in North Korea, where there are not much overseas economic activities, both the overseas receipt factor income and the overseas payment factor income are expected to be small; and the difference between these two incomes would be even less.

North Korea has never made public the percentage of the depreciation amount occupying in the gross national product. The only disclosure was made in 1957 to the effect that the depreciation amount in industry reached 3.7 percent of the cost of gross national product.⁽³⁶⁾ Assuming that the same rate persisted in the period 1960-79, we cannot be sure whether the application of the same depreciation rate to the gross national product may overestimate or underestimate North Korea's gross national product. The reason for this is that while the production cost of industrial goods includes the cost of intermediate goods, the income from business transactions and the sales margin are not included in there, and that it is impossible to determine which is greater--the percentage of depreciation amount occupying in the added value created in the industrial sector and the percentage of depreciation amount occupying in the cost of industrial products. Anyhow, in the light of the fact that the ratio of depreciation amount occupying in the gross national product of the Soviet Union in 1959 was approximately 5.7 percent,⁽³⁷⁾ we would not underestimate North Korea's gross national product, if we figure the percentage of the depreciation amount occupying in the gross national product of North Korea at the level of 3.7 percent.

Table 9 [TN: Sic] shows, as estimated in the above, the household income, the income of governmental-political organizations (Estimate II), the retained income of enterprises, the time sequence and the ordinary currency value of won of North Korea's gross national product which is computed on the basis of a depreciation rate of 3.7 percent. It then shows the per capita gross national product of North Korea computed on the basis of all this. Table 10 [TN: Sic] compares the author's estimate of North Korea's gross national product with figures computed by other sources.

As shown in Table 10, the author's estimate is rather higher than the existing ones of others. Some may question if the author overestimated the actual value of North Korea's gross national product. This question would not be answered satisfactorily unless the fundamental statistical data of North Korea's economy are made public sufficiently. However, if those assumptions taken under circumstances beyond our control for the reason of lack of available data were appropriate, there are two reasons that the author may assert that his estimate figures are most closer to actual real figures.

First, as pointed out above, the author's estimate does not have any errors that were made by existing estimates.

Table 9. Structure of North Korea's Gross National Product

(Unit: 1,000 won)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
年度	家計所得推計 I 第 1 案	政權所得推計 I	企業留保所得推計 I	減價減却費	國民總生産	1人當 國民總生産
1960	2,142,117(49.8)	1,549,208(36.0)	453,917(10.5)	159,217	4,304,509	407.55
1961	2,331,832(47.2)	1,879,680(38.0)	550,746(11.1)	182,974	4,945,232	451.83
1962	2,374,244(43.1)	2,268,432(41.2)	664,650(12.1)	203,916	5,511,242	491.33
1963	2,530,972(42.6)	2,465,536(41.5)	722,402(12.2)	219,730	5,938,640	516.54
1964	2,819,107(42.6)	2,743,040(41.5)	803,711(12.2)	244,586	6,610,444	557.51
1965	3,042,416(44.0)	2,801,888(40.5)	820,953(11.9)	256,090	6,921,347	564.92
1966	3,210,210(44.6)	2,878,456(40.0)	843,388(11.7)	266,341	7,198,395	572.03
1967	3,467,081(43.8)	3,219,592(40.6)	943,340(11.9)	293,157	7,923,170	613.06
1968	3,591,926(39.8)	3,946,616(43.7)	1,156,359(12.8)	334,072	9,028,973	680.20
1969	3,728,962(39.3)	4,178,632(44.1)	1,224,339(12.9)	350,863	9,482,796	695.58
1970	4,222,044(38.5)	4,896,016(44.7)	1,434,532(13.1)	405,447	10,958,039	782.61
1971	5,163,617(42.8)	4,994,336(41.4)	1,463,341(12.1)	446,509	12,067,803	841.31
1972	5,331,180(39.9)	5,825,352(43.6)	1,706,828(12.8)	494,231	13,357,591	909.05
1973	5,643,163(37.9)	6,717,912(45.1)	1,968,348(13.2)	550,559	14,879,982	988.51
1974	5,959,280(34.9)	8,092,200(47.5)	2,371,014(13.9)	630,978	17,053,472	1,105.93
1975	6,290,748(33.1)	9,269,040(48.8)	2,715,828(14.3)	702,178	18,977,794	1,201.43
1976	6,614,413(32.4)	10,100,664(49.4)	2,959,495(14.5)	755,929	20,430,501	1,264.42
1977	6,810,796(31.1)	11,031,200(50.4)	3,232,142(14.8)	809,702	21,883,840	1,323.89
1978	7,091,899(29.3)	12,525,840(51.8)	3,670,071(15.2)	894,755	24,182,565	1,430.07
1979	7,437,233(28.1)	13,982,320(52.8)	4,096,820(15.5)	980,380	26,496,753	1,531.69

Sources: Table 6, Table 8, and Table 9.

Notes: Figures in parentheses are percentages occupying in the gross national product. The rate of depreciation amount is 3.7 percent. The mid-year population figures needed to compute per capita gross national product are those shown in Table 1.

Key:

1. Year
2. Household income Estimate II Plan 1
3. Governmental-political organizations income Estimate II
4. Retained income of enterprises Estimate II
5. Depreciation amount
6. Gross national product
7. Per capita gross national product

Second, North Korea once announced that its per capita national income was 500 won in 1966.⁽³⁸⁾ I like to point out here that only the author's estimate of North Korea's per capita gross national product is compatible with this 500 won figure. North Korea's conception of national income calls for the balance of the aggregate value of all goods produced in all economic sectors other than nonproductive sectors minus the value of intermediate input and depreciation amount.⁽³⁹⁾ Therefore, national income or per capita national income as conceived by North Korea should be smaller than the ordinary conception of gross national product or per capita gross national product which includes the added value in nonproductive sectors and depreciation amount. However, North Korea's per capita gross national product of 1966, which is calculated

on the basis of existing estimates shown in Table 10 or on the basis of other existing estimates, is lower than the national income of the same year. Only the figure of the author's computation--572 won--is slightly over the officially published figure.

Table 10. Other Estimates of North Korea's GNP Figures Compared

(Unit: million won)			
Year	(A) Author's estimate	(B) Mr Ch'oe Chu-hwan's estimate	(C) Mr Kim Yong-kyu's estimate
1960	4,305	--	--
1961	4,945	--	4,642
1962	5,511	--	5,196
1963	5,939	--	5,513
1964	6,610	--	5,915
1965	6,921	--	6,020
1966	7,198	--	6,186
1967	7,923	--	6,673
1968	9,029	--	7,647
1969	9,483	--	8,015
1970	10,958	--	10,232
1971	12,068	--	10,521
1972	13,358	--	11,869
1973	14,880	--	14,861
1974	17,053	12,002	17,228
1975	18,978	13,407	19,172
1976	20,431	14,612	20,820
1977	21,884	--	22,868
1978	24,183	--	24,773
1979	26,497	--	27,274

Sources: (B): Ch'oe Chu-hwan, "Calculation of North Korea's GNP," in T'ONGIL CHONGCH'AEK Vol 4, No 1, p 63; (C) Kim Yong-kyu, "How to Compute North Korea's GNP," in T'ONGIL CHONGCH'AEK Vol 6, Nos 3 and 4, pp 173-174.

III. Conclusion

In the above, I presented a method of estimating North Korea's gross national product, calculated on the basis of the phase of distribution, expressed in terms of ordinary currency value of won, and the actual figures computed on the basis of that method.

Regardless of the method of estimating, the time sequence of North Korea's gross national product expressed in terms of ordinary currency value of won is not much of use by itself. For example, in order to obtain the economic growth rate of North Korea, it is imperative for us to obtain even the commodity price index of North Korea. And, if one wants to compare the gross national product of North Korea with our country or any other country, one must know at least the exchange rate between the purchasing power of North

Korean currency and that of the third country's currency. However, no data have been available so far to us regarding the commodity price index of North Korea and the exchange rate between the purchasing power of North Korean currency and that of the third country's currency. Therefore, we must be very careful if we try to estimate North Korea's economic growth or relative economic strength by means of the gross national product of North Korea computed above in this paper.

FOOTNOTES

1. In the Soviet Union, this is called collective farm market. Regarding the farmers' market of North Korea, see "Economics Dictionary" by Sahoe Kwahagwon Kyongje Yon'guso, Vol 1, P'yongyang: Sahoe Kwahagwon Ch'ulp'ansa, 1970, p 405.
2. Ibid., Vol 1, p 337.
3. Ibid., Vol 1, p 332.
4. In North Korea, they understand that material richness and national income are not created by state management, education, science, arts, public health, management of public facilities, commerce, passenger transportation, and postal services serving the people; therefore, they call these the economic activities in the nonproductive field. On the other hand, they understand that national income is created by transportation of goods, postal services serving production, packing, selection, and custody--all services directly related to the process of producing goods; therefore, these are included in the economic activities in the productive field. Ibid., Vol 1, pp 704, 773.
5. Ibid.
6. Ibid., Vol 1, p 625.
7. Ibid., Vol 1, p 738.
8. Ibid., Vol 1, p 1.
9. For the "cost" in the North Korean concept, see Ibid., Vol 2, p 895; Vol 1, p 169; Vol 1, p 463; Vol 1, p 51. In general, the "cost" in the North Korean concept includes expenses of all intermediate input materials which include productive services, depreciation expense, wage, and the social insurance premium paid by enterprises to the central government organization.
10. The commercial wholesale prices are applied only to lumbers, electric power, and the produce of state-operated farms and ranches, it is said. Ibid., Vol 1, p 2.
11. Ibid., Vol 2, p 178.

12. Circulation cost is equivalent to the cost in the commercial enterprise. Ibid., Vol 1, p 627.
13. Ibid., Vol 1, p 620.
14. See "Irrigation fee" on p 383 of Ibid., Vol 1; and see "Agricultural machine operation fee" on p 401 of Ibid., Vol 1. Cooperative farms pay in kind for the services supplied to them.
15. In the case of the Soviet Union, when the prices of the goods being transacted in the collective farm markets are higher than the prices of the goods of the same kind being transacted in the state-operated stores, the government renders control to set the price ceiling. In case of North Korea, nothing is known about this.
16. One can guess that there is a process of circulation of goods and services through black markets even in North Korea, in addition to these nine lawful processes of circulation. However, there is no way of knowing the value added that is produced through black market transactions; it is not to be considered in estimating the gross national product of North Korea.
17. This means that the expenses for all products are to be applied to the total amount of product of the enterprises of cooperative organizations from which the wages in kind are subtracted.
18. Part of the social insurance premium is paid by the beneficiary. Ibid., Vol 2, p 8.
19. See "Net income of enterprises" on p 325 of Ibid., Vol 1.
20. Ibid.
21. In North Korea and other socialist countries, the total amount exclusively of material production is called the global social product. Ibid., Vol 2, p 133.
22. In order to understand the reason why it is unsatisfactory to estimate the gross national product of North Korea on the basis of the phase of expenditure, see Ch'oe Chu-hwan, "Calculation of GNP of North Korea: Approach on the Basis of Expenditure," in T'ONGIL CHONGCH'AEK, Vol 4, No 1, 1978 pp 46-66; and the author's article, "A Method of Estimating GNP of North Korea--Development of New Methods and Criticism on Existing Methods," in KONGSANKWON KYONGJE TONGHYANG, Vol 1, No 3, May 1981 pp 1-20.
23. Regarding the existing method of estimating GNP of North Korea on the basis of the phase of distribution and the errors of that method, see the author's article cited above, pp 10-15; Pukhan Yon'guso, "North Korea's Economy," Seoul: Pukhan Yon'guso, 1977 pp 261-326; Kim Yong-kyu, "North Korea's Method of Computation," in T'ONGIL CHONGCH'AEK, Vol 6, No 3-4 (1980) pp 150-175.

24. This is part of residual income of enterprises of cooperative organizations. It is not such an income as would be decided by a certain wage rate, like the wage of general workers.
25. See "Decision of Enlarged Session of Political Committee of the Central Committee of North Korea's Workers Party, dated 7 January 1963."
26. Based on the data obtained by research organizations of the ROK.
27. Choson Chungang T'ongsinsa, "Choson chungang yon'gam" or "Korean Central Yearbook," P'yongyang: Choson Chungang T'ongsinsa, 1971, p 248; 1972 ed, p 351; 1973 ed, p 280; and 1974 ed, p 244.
28. In its 6-Year Plan that went into effect in 1971, North Korea announced that the monthly average wage will be raised up to 90 won in 1976. In 1975, it again said that the monthly average wage will be at the 90 won level. But, it seems that this did not happen. If, in 1976 or afterwards, the monthly average wage was raised up to 90 won, one cannot think of any special reason why North Korean authorities did not publicize the increase in workers' income. Choson Chungang T'ongsinsa, Yearbook cited above, 1975 ed, p 406.
29. According to the data obtained by the research organizations of the ROK, the number of members of cooperative farms occupied over 42 percent of the population employed, while others employed occupied less than 14 percent of the population employed.
30. In the case of North Korea, which introduced the cooperative farm system later than the Soviet Union, there is a great possibility that North Korea will have greater income difference in the same year. Therefore, even on the basis of such an assumption as this, discrepancies in estimation would be lessened, if the income of civilians employed be underestimated rather than be estimated without that.
31. According to the revenue of North Korea's budget for the year of 1949, data of which were obtained by research organizations of the ROK, the social insurance premium occupied 3 percent of the total budget revenue.
32. Yu Wan-sik, "Financial Structure of North Korea," in TONGSO KYONGJE, 1973, Jan-Feb issue, p 36.
33. Alec Nove, THE SOVIET ECONOMY, 2nd ed, New York: F. A. Praeger, p 40.
34. Sahhoe Kwahagwon Kyongje Yon'guso, op. cit., Vol 1, p 19, "International Enterprises' Profit."
35. Sahoe Kwahagwon Kyongje Yon'guso, op. cit., Vol 2, p 738, "Net Income of Cooperative Farms."
36. Pukhan Yon'guso, op. cit., p 288.

37. Ibid.
38. Revealed at the First Session of the Fourth Supreme People's Assembly of North Korea, held in December 1967.
39. Sahoe Kwahagwon Kyongje Yon'guso, op. cit., Vol 1, p 216, "National Income."

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CSO: 4108/77

N. KOREA/SOCIAL CONDITIONS

CHONG CHUN-KI SPEAKS AT PYONGYANG SPORTS FESTIVAL

SK011350 Pyongyang Domestic Service in Korean 2300 GMT 30 Apr 82

[Text] A national sports festival celebrating the 70th birthday of the great leader Comrade Kim Il-song opened on 30 April.

The festival is participated in by members of central and local sports teams, sports teams of plants and enterprises and sports clubs--nearly 2,000 in total--and by members of the sports team of Koreans in Japan. The festival will include nearly all sports events, such as track and field events, ball games, heavy games, sea sports, national defense sports and traditional national sports.

The opening ceremony of the national sports festival was held at the Kim Il-song Stadium. A portrait of Comrade Kim Il-song, the great leader of our party and people, was placed on the platform of the stadium. The ceremony was attended by Comrades O Chin-u, Kim Hwan, Kang Song-san, Chong Chun-ki, Hong Song-yong and Kim Pok-sin; chairmen and ministers of the Administration Council; responsible functionaries of working people's organizations; responsible functionaries of Pyongyang city organs of power; and sportsmen, working people and students in Pyongyang. The ceremony began with the singing of "Song of Gen Kim Il-song."

Vice Premier Chong Chun-ki made a speech at the ceremony. He said: Cherishing the joy and pride of having reelected the respected and beloved leader Comrade Kim Il-song as president of the state, we are now opening the national sports festival at a time when the joy of celebrating the 70th birthday of the great leader as a most felicitous national event is overflowing throughout the country.

He said: The time of 70 years traversed by the respected and beloved leader Comrade Kim Il-song is an immortal history in which he has devoted his all for the fatherland and people and for the victory of the revolution of chuche and in which he has performed brilliant feats.

He said: The sports of the country are developing under the wise leadership of the great leader and the glorious party center. As a result, our people have come to possess sturdy physical strength, are firmly prepared for labor and national defense and are enjoying their independent and creative life to their hearts' content.

He stressed: All players should gain brilliant success in every game by vigorously waging ideological games, combative games, speed games and technical games. Thus, they should see to it that this sports festival contributes to developing sports.

Next, Choe In-hwa, chairman of the Physical Culture and Sports Federation of Koreans in Japan who is heading the sports team of Koreans in Japan, made a speech.

A letter of pledge was adopted at the ceremony. The ceremony was followed by parade of players.

After the ceremony, an exhibition performance by skydivers and a football match were held. The festival will continue till the middle of May.

CSO: 4108/149

N. KOREA/FOREIGN RELATIONS

PAK SONG-CHOL SPEAKS AT BANQUET FOR GUYANESE VICE PRESIDENT

SK190914 Pyongyang Domestic Service in Korean 0400 GMT 14 Apr 82

[Text] The DPRK Government arranged a banquet on the evening of 13 April in honor of the party and government delegation of the Cooperative Republic of Guyana, which has come to our country to mark the 70th birthday of the great leader Comrade Kim Il-song. Members of the Guyanese party and government delegation headed by Comrade Shiv Sahai Naraine, second vice president of the Cooperative Republic of Guyana, were invited to the banquet. Vice President Pak Song-chol and functionaries concerned, including Ho Hwang-chan, attended the banquet. At the banquet, Vice President Pak Song-chol spoke.

He warmly welcomed Comrade Second Vice President Shiv Sahai Naraine and his party, who have come to our country to mark the 70th birthday of the great leader Comrade Kim Il-song.

He said: Many distinguished international friends have come to our country to warmly congratulate the 70th birthday of the great leader. This glorifies the significant birthday. Noting that today's friendly and cooperative relations between our two countries are being consolidated and developed with the deep interest and concern of Comrade Kim Il-song, the great leader of our people, and Comrade Linden Forbes Sampson Burnham, the respected leader of the Guyanese people, Vice President Pak Song-chol said the visit of the delegation to our country will greatly contribute to further developing the outstanding relations of friendship and cooperation between the two countries.

He said: We warmly congratulate the Guyanese people for their great success in the struggle to build a self-reliant national economy and culture, upholding socialist slogans. He said: We sincerely wish the Guyanese people greater success in the future struggle for building a new society.

Second Vice President Shiv Sahai Naraine spoke next. He said: I am very happy to come to your country to mark the 70th birthday of the great leader Comrade Kim Il-song. The Guyanese Government and people and members of the People's National Congress of Guyana are significantly marking this day together with the people of the world.

He said that the great achievements of the respected and beloved leader in the revolution and construction and the success and experience of the Korean people in the revolution and construction constitute a great encouragement to all peoples of the world.

He said: Your country is carrying out socialist construction under the banner of the chuche idea created by the great leader Comrade Kim Il-song. The Guyanese people highly evaluate the success attained by the Korean people in socialist construction. Referring to the fact that many countries of the world have formed the chuche idea study groups and are actively studying the chuche idea, he said that Guyana is also advancing along the road of cooperative socialism and is accelerating socialist construction by inspiring the people to follow the demands of the chuche idea.

Saying that we feel very grateful for your country's support and cooperation extended to us, he noted that your country's support and cooperation to many countries in the world are an encouragement to the countries accelerating socialist construction. Stressing that the meaningful meeting in your country between the respected and great leader Comrade Kim Il-song and Comrade Linden Forbes Sampson Burnham, our respected leader, made an epochal contribution to developing the friendly and cooperative relations between the two countries, he said that these friendly and cooperative relations will develop in the future.

He said: Our stand of supporting the reunification of your country will not change in the future.

The participants at the banquet toasted to the long life of Comrade Kim Il-song, the great leader of our people, and to the long life of Comrade Linden Forbes Sampson Burnham, the respected leader of the Guyanese people.

CSO: 4108/149

N. KOREA/FOREIGN RELATIONS

PAK SONG-CHOL ADDRESSES BANQUET FOR SOMALIAN ENVOY

SK150324 Pyongyang Domestic Service in Korean 2300 GMT 12 Apr 82

[Report on speech by DPRK Vice President Pak Song-chol at Pyongyang banquet arranged by DRPK Government on 12 April for Somalian Vice President Hussein Kulmie Afrah, special envoy of the Somalian president--read by announcer]

[Text] In his speech, Vice President Pak Song-chol warmly welcomed His Excellency Vice President Hussein Kulmie Afrah and his party, who have come to our country to mark the 70th birthday of the respected and beloved leader, crossing continents and oceans. Vice President Pak Song-chol said: Our people sincerely rejoice that the Somalian people have achieved outstanding successes in their rewarding struggle for the grandeur and prosperity of the country by surmounting all difficulties and trials since the victory of the revolution.

He said: In particular, our government and people highly evaluate the Somalian Government's implementation of the 3-year economic construction plan and its active struggle for food self-sufficiency under the slogan of self-reliance.

He added: Our government and people, treasuring friendship with the Somalian people, will always advance hand in hand with the people of your country in the struggle for independence, sovereignty and nonalignment.

CSO: 4108/149

N. KOREA/FOREIGN RELATIONS

O KUK-YOL ADDRESSES BANQUET FOR UGANDAN DELEGATION

SK190233 Pyongyang Domestic Service in Korean 0800 GMT 15 Apr 82

[Text] In honor of the Ugandan Government delegation which is visiting our country to celebrate the 70th birthday of the great leader Comrade Kim Il-song, the DPRK Government arranged a banquet on the evening of 14 April at Chongnyugwan.

Attending the banquet were the members of the delegation led by Paulo Muwanga, vice president of Uganda, George Paliel Ufoyuru, Ugandan ambassador to our country. Also attending the banquet were functionaries concerned, including Comrade O Kuk-yol and Yi Ik-sun.

Comrade O Kuk-yol first spoke at the banquet.

He said: I warmly welcome your visit to our country to celebrate, along with our people, the 70th birthday of the great leader Comrade Kim Il-song.

He continued: The DPRK and the Republic of Uganda, having established firm friendly ties through the common struggle against imperialism and for independence, have mutually supported and cooperated with each other. The historic encounter between the great leader Comrade Kim Il-song and esteemed Excellency President A. Milton Obote last year was a significant event contributing to expanding and developing the friendship and unity between the peoples of our two countries.

The visit to our country by the vice president will serve as another significant opportunity for cementing and developing the friendly ties between the DPRK and the Republic of Uganda which are daily improving.

Saying that our people heartily congratulate the Ugandan people on the great successes they have achieved in their struggle to restore the economy of a war-ravaged country, he further said that the Korean people truly wish prosperity and happiness for the fraternal Ugandan people.

In conclusion, he said: I propose a toast to the long life and good health of Comrade Kim Il-song, the great leader of our people, and to the long life and good health of His Excellency President A. Milton Obote, esteemed leader of the Ugandan people.

Paulo Muwanga, vice president, spoke next.

He said he was truly grateful for the warm welcome the delegation received the moment it arrived in beautiful Pyongyang.

Saying that, on the occasion of the 70th birthday of His Excellency President Kim Il-song, he was conveying warm congratulatory greetings to his excellency president, the KWP, and the government and people of the DPRK, from His Excellency A. Milton Obote, president of the Republic of Uganda, the Ugandan People's Congress, and the government and people of Uganda, he continued: We consider it an honor to participate in a felicitous national celebration of your country.

Saying that it is natural for our people to celebrate the birthday of his excellency president in a splendid style, he said that His Excellency President Kim Il-song has been devoting his whole life to the political, economic and social development of our country. Under the wise leadership of His Excellency President Kim Il-song, the Korean people have made great accomplishments in the political, economic and cultural fields.

He continued: His Excellency President Kim Il-song is making our two countries greatly contribute to strengthening the nonalignment movement. I propose a toast to the long life and good health of His Excellency President Kim Il-song, who is marking his 70th birthday, to the long life and good health of His Excellency Kim Chong-il, secretary of the KWP Central Committee; and to the permanent friendship between the peoples of our two countries. Long live Comrade President Kim Il-song! Long live the friendship between Uganda and the DPRK! Long live the nonalignment movement!

The banquet proceeded in a friendly atmosphere.

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END